



Islamic Savings

NBP Fund Management Limited



NBP ISLAMIC INCOME 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 Shakra-e-Faisal, Karachi.

Bankers to the Fund

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



Auditors

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

Legal Advisor

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

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.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
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 Islamic Income Fund (NBP-IIF)** for the half year ended December 31, 2023.

Fund's Performance

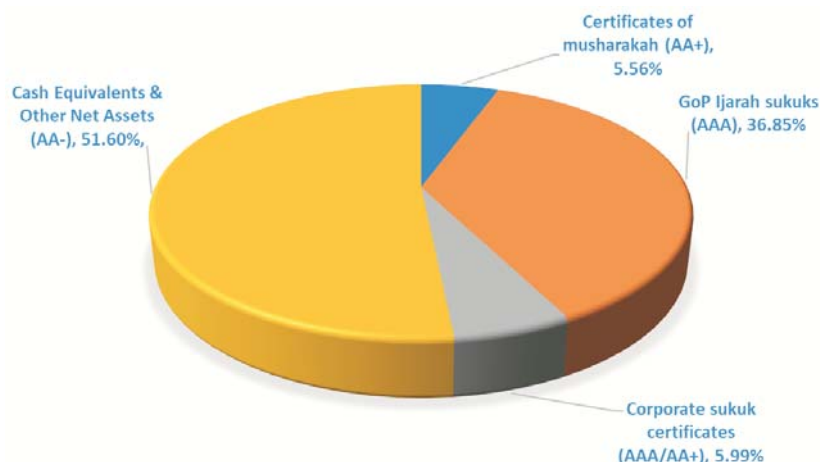
During the first half of fiscal year 2024, the State Bank of Pakistan (SBP) held four Monetary Policy Committee meetings, maintaining the Policy Rate at 22%. Various external and internal factors were considered, with the decision primarily attributed to the upside risks in the inflation outlook. The 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 2H FY24, 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 MoF conducted its first auction of 1-year fixed rate Sukuk (Government Debt Securities - GDS) through PSX. The total participation was Rs. 396 billion between the range of 18.5% and 33.4249%. The accepted amount was Rs. 30,190 million and cutoff yield was 19.5199%. The Shariah Compliant short-term sukuk witnessed a sizable issuance from the corporates to meet their financing requirements. However, issuance of long term corporate Sukuk remained subdued and market activity also remained slow as cumulative traded value was Rs. 2.6 billion (15% down as compared to the same period last year).

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

The size of NBP Islamic Income Fund has increased from Rs. 5,158 million to Rs. 7,193 million during the period, a growth of 39%. The unit price of the Fund has increased from Rs. 10.0959 on June 30, 2023 to Rs. 11.1585 on December 31, 2023 thus showing return of 20.9% p.a. as compared to its benchmark return of 9.1% p.a. for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 552.508 million during the period. After deducting total expenses of Rs. 50.538 million, the net income is Rs. 501.970 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-IIF.





Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

Date: 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 اسلامک انکم فنڈ (NBP-IIF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

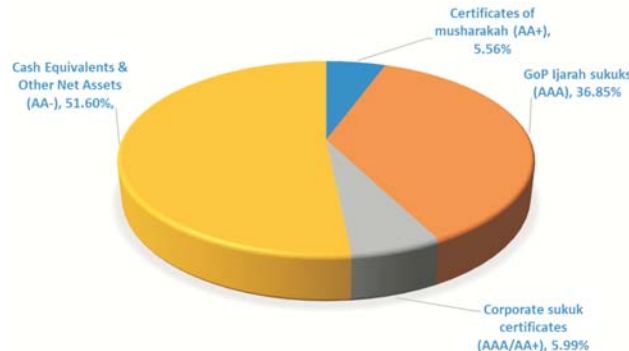
مالی سال 24 کی پہلی ششماہی کے دوران، بینک دولت پاکستان (SBP) نے مانیٹری پالیسی کمیٹی (MPC) کے چار اجلاس منعقد کئے، پالیسی ریٹ 22% پر برقرار رکھا۔ مختلف بیرونی اور داخلی عوامل پر غور کرتے ہوئے، بنیادی طور پر یہ فیصلہ افراط زر کے نقطہ نظر میں زیادہ خطرات کی وجہ سے کیا گیا۔ اس عرصہ میں معاشی سست روی اور 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 دباؤ 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 بندی و فیرونی 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۔ MoF نے PSX کے ذریعے ایک سالہ مقررہ شرح سکوک (گورنمنٹ ڈیٹ سیکورٹیز GDS) کی پہلی نیلامی کی۔ مجموعی شراکت داری 18.5% سے 33.4249% کے درمیان 396 ملین روپے رہی۔ قبول شدہ رقم 30,190 ملین روپے اور کٹ آف منافع 19.5199 فیصد رہا۔ شریعت کے مطابق قلیل مدتی سکوکس میں کارپوریٹس کی جانب سیان کی مالی ضروریات کو پورا کرنے کے لئے بڑے پیمانے پر اجراء دیکھنے میں آیا۔ تاہم، طویل مدتی کارپوریٹ سکوکس کا اجراء کم رہا اور مارکیٹ کی سرگرمی بھی کم رہی کیونکہ مجموعی تجارتی قدر 2.6 ملین روپے (گزشتہ سال کی اسی مدت کے مقابلے 15 فیصد کم) رہی ہے۔

NBP-IIF کی درجہ بندی بطور شریعہ مکمل آئٹم فنڈ کی گئی ہے اور اسے PACRA کی طرف سے A+(f) کی مستحکم ریٹنگ دی گئی ہے۔ اس فنڈ کا مقصد شریعت کے مطابق قرضوں کی سیکورٹیز اور مرنی مارکیٹ کے آلات میں سرمایہ کاری کر کے مسابقتی منافع فراہم کرنا ہے۔ فنڈ اسلامک بینکوں، روایتی بینکوں کی اسلامک برانچز اور ڈونڈز میں آسانی سے لیکویڈیٹی فراہم کرنے والے A یا بالا درجہ کے اسلامی بینکوں کے ساتھ سرمایہ کاری کی اجازت دیتا ہے۔ فنڈ کو شریعت کے مطابق A یا اس سے بالا درجہ بندی کے مرنی مارکیٹ کے آلات اور ڈیٹ سیکورٹیز میں سرمایہ کاری کرنے کی اجازت ہے۔ فنڈ ایکویٹی میں سرمایہ کاری کرنے کا مجاز نہیں ہے۔ گورنمنٹ سیکورٹیز کے علاوہ فنڈ کی پیچورٹی کی اوسط مدت 4 سال سے زیادہ نہیں ہو سکتی ہے۔

NBP اسلامک انکم فنڈ کا سائز 5,158 ملین روپے سے بڑھ کر اس مدت کے دوران 7,193 ملین روپے ہو گیا (یعنی 39% کا اضافہ) ہے۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2023 کو 10.0959 روپے سے بڑھ کر 31 دسمبر 2023 کو 11.1585 روپے ہو گئی۔ لہذا فنڈ نے اسی مدت میں بیچ مارک منافع 9.1% سالانہ کے مقابلے 20.9% کا سالانہ منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 552,508 ملین روپے کی مجموعی آمدنی ہوئی۔ 50,538 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 501,970 ملین روپے ہے۔ درج ذیل چارٹ NBP-IIF کی ایسٹ ایلویشن 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 ٹرسٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فونڈ 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 Islamic Income 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 Islamic Income 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: AR202310061O9rKhduzB

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	3,480,348	2,659,793
Investments	5	3,481,038	2,555,572
Profit receivable		200,256	100,906
Prepayments, deposits and other receivables		572	443
Receivable against transfer of units		91,483	23,672
Preliminary expenses and floatation costs	6	251	329
Total assets		7,253,948	5,340,715
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	7	29,012	20,170
Payable to Central Depository Company of Pakistan Limited - the Trustee	8	467	356
Payable to the Securities and Exchange Commission of Pakistan	9	413	1,418
Payable against redemption of units		18,084	73,434
Accrued expenses and other liabilities	10	12,983	87,776
Total liabilities		60,959	183,154
NET ASSETS		<u>7,192,989</u>	<u>5,157,561</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>7,192,989</u>	<u>5,157,561</u>
CONTINGENCIES AND COMMITMENTS	11		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE		<u>644,619,398</u>	<u>510,856,440</u>
		----- Rupees -----	
NET ASSET VALUE PER UNIT	12	11.1585	10.0959

The annexed notes 1 to 19 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)			
INCOME					
		197,262	100,739	138,813	63,070
		58,386	13,013	2,298	13,013
		-	6,669	-	-
		72,515	51,790	36,138	31,541
		204,049	418,998	112,556	189,687
		5,030	35	5,082	35
5.5		15,266	(3,919)	14,975	(2,507)
		20,296	(3,884)	20,057	(2,472)
Total income		552,508	587,325	309,862	294,839
EXPENSES					
7.1		30,102	34,122	16,203	17,220
7.2		3,913	4,436	2,106	2,238
7.3		3,789	4,912	2,040	2,440
7.4		7,326	5,895	3,944	2,929
8.1		1,895	2,947	1,020	1,464
8.2		246	383	132	190
9.1		1,895	786	1,020	391
6.1		78	78	39	39
		324	333	1	168
		75	86	37	43
		15	14	13	7
		351	675	75	657
		228	303	124	276
		120	50	95	25
		67	2	67	2
		114	92	68	46
Total expenses		50,538	55,114	26,984	28,135
Net income for the period before taxation		501,970	532,211	282,878	266,704
13		-	-	-	-
Net income for the period after taxation		501,970	532,211	282,878	266,704
Earnings per unit					
Allocation of net income for the period					
		501,970	532,211		
		(69,732)	(152,338)		
		432,238	379,873		
Accounting income available for distribution					
		20,296	-		
		411,942	379,873		
		432,238	379,873		

The annexed notes 1 to 19 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	501,970	532,211	282,878	266,704
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>501,970</u>	<u>532,211</u>	<u>282,878</u>	<u>266,704</u>

The annexed notes 1 to 19 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 December 31, 2023			For the half year ended December 31, 2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Net assets at the beginning of the period (audited)	5,110,294	47,267	5,157,561	7,513,947	19,263	7,533,210
Issuance of 394,283,880 units (2022: 613,499,799 units)						
- Capital value (at net asset value per unit at the beginning of the period)	3,980,651	-	3,980,651	6,158,556	-	6,158,556
- Element of income	297,398	-	297,398	181,166	-	181,166
Total proceeds on issuance of units	4,278,049	-	4,278,049	6,339,722	-	6,339,722
Redemption 260,520,922 units (2022: 676,536,033 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(2,630,193)	-	(2,630,193)	(6,791,339)	-	(6,791,339)
- Element of loss	(44,666)	(69,732)	(114,398)	(72,783)	(152,338)	(225,121)
Total payments on redemption of units	(2,674,859)	(69,732)	(2,744,591)	(6,864,122)	(152,338)	(7,016,460)
Total comprehensive income for the period	-	501,970	501,970	-	532,211	532,211
Net assets at the end of the period (un-audited)	<u>6,713,484</u>	<u>479,505</u>	<u>7,192,989</u>	<u>6,989,547</u>	<u>399,136</u>	<u>7,388,683</u>
Undistributed income brought forward						
- Realised income		64,360			1,013	
- Unrealised (loss) / income		(17,093)			18,250	
		<u>47,267</u>			<u>19,263</u>	
Accounting income available for distribution:						
- Relating to capital gains		20,296			-	
- Excluding capital gains		411,942			379,873	
		<u>432,238</u>			<u>379,873</u>	
Undistributed income carried forward		<u>479,505</u>			<u>399,136</u>	
Undistributed income carried forward:						
- Realised income		464,239			403,055	
- Unrealised income / (loss)		15,266			(3,919)	
		<u>479,505</u>			<u>399,136</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		<u>10.0959</u>			<u>10.0384</u>	
Net asset value per unit at the end of the period		<u>11.1585</u>			<u>10.7486</u>	

The annexed notes 1 to 19 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		501,970	532,211
Adjustments:			
Income on sukuk certificates		(197,262)	(100,739)
Income on term deposit receipts		(58,386)	(13,013)
Income on Islamic commercial papers		-	(6,669)
Income on certificates of musharakah		(72,515)	(51,790)
Profit on bank balances		(204,049)	(418,998)
Gain on sale of investment - net		(5,030)	(35)
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.5	(15,266)	3,919
Amortisation of preliminary expenses and floatation costs	6.1	78	78
		(552,430)	(587,247)
Increase in assets			
Investments - net		(2,287,918)	(378,330)
Deposits and other receivables		(129)	(129)
		(2,288,047)	(378,459)
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - the Management company		8,842	446
Payable to Central Depository Company of Pakistan Limited - the Trustee		111	59
Payable to the Securities and Exchange Commission of Pakistan		(1,005)	(204)
Accrued expenses and other liabilities		(74,793)	(25,468)
		(66,845)	(25,167)
Profit received on bank balances, Islamic commercial papers, term deposit receipts, certificates of musharakah and sukuk certificates		432,862	548,622
Net cash (used in) / generated from operating activities		(1,972,490)	89,960
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts against issuance of units		4,210,238	6,393,105
Net payments against redemption of units		(2,799,941)	(7,066,710)
Net cash generated from / (used in) financing activities		1,410,297	(673,605)
Decrease in cash and cash equivalents during the period		(562,193)	(583,645)
Cash and cash equivalents at the beginning of the period		4,442,673	6,315,236
Cash and cash equivalents at the end of the period	4.2	3,880,480	5,731,591

The annexed notes 1 to 19 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 AND QUARTER ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Islamic Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on March 9, 2020.

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

- 1.2 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).
- 1.3 The Fund has been categorised as an open end Shariah compliant income fund by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 13, 2020 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 The objective of the Fund is to provide competitive returns by investing in Shariah compliant debt securities and money market instruments.
- 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) (June 30, 2023: A+(f) on April 14, 2023) dated October 13, 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 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 period 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 the 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 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 detailed in these condensed interim financial statements.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- Rupees in '000 -----	
4 BANK BALANCES			
Balances with banks in:			
Current accounts	4.1	29,236	93,194
Savings accounts	4.1	3,451,112	2,566,599
		<u>3,480,348</u>	<u>2,659,793</u>



- 4.1** These include balances of Rs 14.189 million (June 30, 2023: Rs 9.476 million) maintained with National Bank of Pakistan (related party) that carry profit at the rate of 12.00% (June 30, 2023: 18.00%) per annum. Other savings accounts of the Fund carry profit at the rate ranging from 11.01% to 21.75% (June 30, 2023: 10.00% to 20.25%) per annum.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
4.2	Cash and cash equivalents:	Note	----- Rupees in '000 -----
	Balances with banks	4	3,480,348
	Term deposit receipts	5.3	-
	Certificates of musharakah	5.4	400,132
			<u>3,880,480</u>
			<u>4,442,673</u>

5 INVESTMENTS

At fair value through profit or loss

GoP Ijarah sukuks	5.1	2,650,398	377,402
Corporate sukuk certificates	5.2	430,508	395,290
Term deposit receipts	5.3	-	1,150,000
Certificates of musharakah	5.4	400,132	632,880
		<u>3,481,038</u>	<u>2,555,572</u>

5.1 GoP Ijarah sukuks

Name of the security	Profit payments	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	
				----- Number of certificates -----							Total investments of the Fund	Net assets of the Fund
											----- % -----	
GoP Ijarah sukuk GIS - VRR - XIX (Face value of Rs. 100,000 per certificate)	Semi - Annually	May 29, 2025	Weighted average 6 months T-Bills	1,000	-	-	1,000	99,358	99,650	292	2.86%	1.39%
GoP Ijarah sukuk GIS - VRR - XXV (Face value of Rs. 100,000 per certificate)	Semi - Annually	April 27, 2027	Weighted average 6 months T-Bills	38	-	-	38	3,777	3,857	80	0.11%	0.05%
GoP Ijarah sukuk GIS - VRR - XXVI (Face value of Rs. 100,000 per certificate)	Semi - Annually	October 27, 2027	Weighted average 6 months T-Bills	2,750	-	-	2,750	274,267	279,895	5,628	8.04%	3.89%
GoP Ijarah sukuk GIS - VRR - XXXVII (Face value of Rs. 100,000 per certificate)	Semi - Annually	August 7, 2024	Weighted average 6 months T-Bills	-	7,450	2,000	5,450	548,100	552,467	4,367	15.87%	7.68%
GoP Ijarah sukuk GIS - VRR - XXXIX (Face value of Rs. 100,000 per certificate)	Semi - Annually	October 9, 2024	Weighted average 6 months T-Bills	-	7,550	-	7,550	755,864	762,777	6,913	21.91%	10.60%
GoP Ijarah sukuk GIS - VRR - XL (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	0.72%	0.35%
GoP Ijarah sukuk GIS - VRR - XLI (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	2.16%	1.04%
GoP Ijarah sukuk GIS - VRR - XLII (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)	2.87%	1.39%
GoP Ijarah sukuk GIS - FRR - XXXIII (Face value of Rs. 100,000 per certificate)	Semi - Annually	December 4, 2026	16.19%	-	1,500	-	1,500	150,000	150,525	525	4.32%	2.09%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	Annually	December 9, 2024	19.52%	-	141,925	-	141,925	600,030	601,052	1,022	17.27%	8.36%
Total as at December 31, 2023 (un-audited)								<u>2,631,396</u>	<u>2,650,398</u>	<u>19,002</u>	<u>76.14%</u>	<u>36.85%</u>
Total as at June 30, 2023 (audited)								<u>378,814</u>	<u>377,402</u>	<u>(1,412)</u>		

5.2 Corporate sukuk certificates

Name of the security	Rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchases 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 (diminution) / appreciation	Market value as a percentage of	
					Number of certificates				Rupees in '000		Total investments of the fund	Net assets of the fund	
											%		
POWER GENERATION & DISTRIBUTION													
The Hub Power Company Limited (Non-Traded) (Face value of Rs 25,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.90%	700	-	700	-	-	-	-	0.00%	0.00%
Hub Power Holdings Limited (Non-traded) (Face value of Rs 100,000 per certificate)	AA+, PACRA	Semi-Annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	700	-	-	700	71,842	71,393	(449)	2.05%	0.99%
Engro Powergen Thar (Private) Limited (Non-traded) (Face value of Rs 2,500 per certificate)	AA-, PACRA	Quarterly	August 2, 2024	3 months KIBOR plus base rate of 1.10%	60,000	-	-	60,000	153,880	151,196	(2,684)	4.34%	2.10%
The Hub Power Company Limited (Traded) (Face value of Rs 25,000 per certificate)	AA+, PACRA	Quarterly	March 19, 2024	1 year KIBOR plus base rate of 1.90%	500	-	-	500	12,625	12,520	(105)	0.36%	0.17%
K-Electric Limited - Short term sukuk STS-18 (Face value of Rs. 1,000,000 per certificate)	AA, PACRA	Semi-annually	February 9, 2024	6 months KIBOR plus base rate of 0.30%	-	150	-	150	150,000	150,000	-	4.31%	2.09%
K-Electric Limited - Sukuk V (Traded) (Face value of 3,750 per certificate)	AA, PACRA	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.70%	11,990	-	-	11,990	45,897	45,399	(498)	1.30%	0.63%
Total as at December 31, 2023 (un-audited)									434,244	430,508	(3,736)	12.37%	5.99%
Total as at June 30, 2023 (audited)									410,971	395,290	(15,681)		

5.3 Term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2023	Purchased during the period	Matured 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		
											Total investments of the fund	Net assets of the fund	
Number of certificates								Rupees in '000		%			
Commercial banks													
Bank Alfalah Limited	AA+, PACRA	July 5, 2023	20.00%	500,000	-	500,000	-	-	-	-	-	-	
Faysal Bank Limited	AA, PACRA	July 17, 2023	20.40%	650,000	-	650,000	-	-	-	-	-	-	
Bank Alfalah Ltd- Islamic Banking	AA+, PACRA	August 7, 2023	20.98%	-	500,000	500,000	-	-	-	-	-	-	
Faysal Bank Limited	AA, PACRA	August 17, 2023	21.30%	-	650,000	650,000	-	-	-	-	-	-	
Bank Alfalah Ltd- Islamic Banking	AA+, PACRA	September 7, 2023	20.97%	-	500,000	500,000	-	-	-	-	-	-	
Faysal Bank Limited	AA, PACRA	September 18, 2023	21.30%	-	650,000	650,000	-	-	-	-	-	-	
Bank Alfalah Ltd- Islamic Banking	AA+, PACRA	October 9, 2023	20.97%	-	500,000	500,000	-	-	-	-	-	-	
Total as at December 31, 2023 (un-audited)								-	-	-	-	-	
Total as at June 30, 2023 (audited)								1,150,000	1,150,000	-			

5.4 Certificates of Musharakah

Name of investee company	Rating	Maturity date	Profit rate	Face Value				Carrying value as at December 31, 2023	Market value as at December 31, 2023	Unrealised appreciation / (diminution)	Market value as a percentage of	
				As at July 1, 2023	Placed during the period	Matured during the period	As at December 31, 2023				Total investments of the Fund	Net assets of the Fund
(Rupees in '000)											%	
Non-bank islamic financial institutions												
First Habib Modaraba	AA+, PACRA	July 26, 2023	22.25%	358,246	-	358,246	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	September 20, 2023	22.25%	274,634	-	274,634	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	November 2, 2023	22.25%	-	377,359	377,359	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	December 20, 2023	22.25%	-	289,997	289,997	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	February 2, 2024	22.25%	-	400,132	-	400,132	400,132	400,132	-	11.49%	5.56%
Total as at December 31, 2023 (un-audited)								400,132	400,132	-	11.49%	5.56%
Total as at June 30, 2023 (audited)								632,880	632,880	-		

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
		----- Rupees in '000 -----	
5.5	Unrealised appreciation / (diminution) / on re-measurement of investments classified as 'at fair value through profit or loss' - net	Note	
	Market value of investments	5.1, 5.2, 5.3, 5.4	3,481,038
	Less: carrying value of investments	5.1, 5.2, 5.3, 5.4	(3,465,772)
			<u>15,266</u>
			<u>(17,093)</u>

6 PRELIMINARY EXPENSES AND FLOATATION COSTS

At the beginning of the period / year		329	485
Less: amortisation during the period / year	6.1	(78)	(156)
At the end of the period / year		<u>251</u>	<u>329</u>

- 6.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are paid by NBP Fund Management Limited (Management Company). These costs are being 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) December 31, 2023	(Audited) June 30, 2023
		----- Rupees in '000 -----	
7	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY	Note	
	Remuneration payable to the Management Company	7.1	6,284
	Sindh sales tax on remuneration payable to the Management Company	7.2	817
	Reimbursement of allocated expenses payable	7.3	2,040
	Reimbursement of selling and marketing expenses payable	7.4	3,944
	Sales and transfer load payable		13,394
	Sindh sales tax payable on sales load		1,733
	ADC charges payable including Sindh sales tax		647
	Other payable to the Management Company		153
			<u>29,012</u>
			<u>20,170</u>

- 7.1** As per regulation 61 of the NBFC Regulations, 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% and 1.25% (June 30, 2023: 0.5% and 1.25%) per annum of the average net assets of the Fund during the current period.

- 7.2** During the period, an amount of Rs. 3.913 million (December 31, 2022: Rs. 4.436 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% (June 30, 2023: 13%).

- 7.3** 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 Dec 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

- 7.4** 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 at following rates:

Rate applicable from July 1, 2023 to Dec 31, 2023	Rate applicable from March 10, 2023 to June 30, 2023	Rate applicable from July 1, 2022 to March 9, 2023
0.29% of average annual net assets	0.29% of average annual net assets	0.15% of average annual net assets

			(Un-audited) December 31, 2023	(Audited) June 30, 2023
			----- Rupees in '000 -----	
8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE	Note		
	Trustee fee payable	8.1	413	315
	Sindh sales tax payable on Trustee fee	8.2	54	41
			<u>467</u>	<u>356</u>

- 8.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (June 30, 2023: 0.075%) per annum of net assets.

- 8.2** During the year, an amount of Rs. 0.246 million (December 31, 2022: Rs. 0.383 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh sales tax on Services Act, 2011 at the rate of 13% (June 30, 2023: 13%).

			(Un-audited) December 31, 2023	(Audited) June 30, 2023
			----- Rupees in '000 -----	
9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note		
	Annual fee payable	9.1	<u>413</u>	<u>1,418</u>

- 9.1** 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 0.075% 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 -----	
10 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration payable	359	451
Legal and professional charges payable	153	238
Shariah advisor fee payable	1,454	1,102
Withholding tax payable	643	65,113
Capital gain tax payable	4,973	15,723
Printing charges payable	176	74
Bank and settlement charges payable	360	221
Brokerage payable	26	15
Other payables	4,839	4,839
	<u>12,983</u>	<u>87,776</u>

11 CONTINGENCIES AND COMMITMENTS

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

12 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 end.

13 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.

14 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.

15 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 2.00% (December 31, 2022: 1.40%) which includes 0.24% (December 31, 2022: 0.14%) representing government levy, sales tax and annual fee to the SECP. The prescribed limit for the ratio is 2.5% (December 31, 2022: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a Shariah compliant income scheme.



16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

- 16.1** Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (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 being 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.
- 16.2** Transactions with related parties / connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to related parties / connected persons. The transactions with related parties / connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with the market rates.
- 16.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 16.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 16.5** Allocated expenses and selling and marketing expenses are reimbursed by the Fund to the Management Company subject to the maximum prescribed Total Expense Ratio.

		----- (Un-audited) -----	
		Half year ended	
		December 31,	December 31,
		2023	2022
		----- Rupees in '000 -----	
16.6	Details of transactions with related parties / connected persons during the period are as follows:		
	NBP Fund Management Limited - the Management Company		
	Remuneration of NBP Fund Management Limited - the Management Company	30,102	34,122
	Sindh sales tax on remuneration of the Management Company	3,913	4,436
	Reimbursement of allocated expenses	3,789	4,912
	Reimbursement of selling and marketing expenses	7,326	5,895
	Preliminary expenses and floatation costs paid by the Management Company	78	78
	Sales load and Sindh sales tax on sales load	7,363	11,928
	ADC charges paid including Sindh sales tax during the period	754	694
	Central Depository Company of Pakistan Limited - the Trustee		
	Remuneration of Central Depository Company of Pakistan Limited - the Trustee	1,895	2,947
	Sindh sales tax on remuneration of the Trustee	246	383
	Settlement charges	9	138
	Employees of Management Company		
	Units issued: 9,169,735 units (2022: 13,224,226 units)	98,673	137,455
	Units redeemed: 6,090,848 units (2022: 14,632,098 units)	64,967	151,590
	Portfolio managed by the Management Company		
	Units issued: 34,043,343 units (2022: 12,501,742 units)	374,624	132,504
	Units redeemed: 27,217,664 units (2022: 25,201,933 units)	276,874	259,937
	NAFA Islamic Active Allocation Plan - I		
	Units issued: Nil units (2022: 514,601 units)	-	5,447
	Units redeemed: Nil units (2022: 419,297 units)	-	4,349

	----- (Un-audited) ----- Half year ended	
	December 31, 2023	December 31, 2022
	----- Rupees in '000 -----	
NAFA Islamic Active Allocation Plan - II		
Units issued: Nil units (2022: 555,372 units)	-	5,874
Units redeemed: Nil units (2022: 386,344 units)	-	4,010
NAFA Islamic Active Allocation Plan - III		
Units issued: Nil units (2022: 3,457,869 units)	-	36,720
Units redeemed: Nil units (2022: 1,255,306 units)	-	13,324
NAFA Islamic Active Allocation Plan - IV		
Units issued: Nil units (2022: 4,283,090 units)	-	45,480
Units redeemed: Nil units (2022: 5,774,358 units)	-	61,800
NAFA Islamic Active Allocation Plan - V		
Units issued: Nil units (2022: 1,552,672 units)	-	16,436
Units redeemed: Nil units (2022: 803,074 units)	-	8,459
NAFA Islamic Active Allocation Plan - VI		
Units issued: Nil units (2022: 335,760 units)	-	3,561
Units redeemed: Nil units (2022: 169,552 units)	-	1,800
NAFA Islamic Active Allocation Plan - VII		
Units issued: Nil units (2022: 791,375 units)	-	8,395
Units redeemed: Nil units (2022: 436,329 units)	-	4,566
NAFA Islamic Active Allocation Plan - VIII		
Units issued: Nil units (2022: 1,507,934 units)	-	15,995
Units redeemed: Nil units (2022: 670,547 units)	-	7,032
National Bank of Pakistan - Parent of the Management Company		
Profit on bank balances	400	3
BankIslami Pakistan Limited - common directorship *		
Profit on bank balances	-	24,503
K-Electric Limited - common directorship		
Purchase of sukuk certificates	150,000	1,104,109
Sale of sukuk certificates	-	374,144
Profit on sukuk certificates	19,609	53,476
Khalid Mehmood - Chief Financial Officer of Management Company		
Units issued: Nil units (2022: 95,700 units)	-	1,000
Units redeemed: Nil units (2022: 98,810 units)	-	1,036



	(Un-audited) December 31, 2023	(Audited) June 30, 2023
16.7 Amounts / balances outstanding as at period / year end are as follows:	----- Rupees in '000 -----	
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	6,284	4,954
Sindh sales tax payable on remuneration of the Management Company	817	644
Reimbursement of allocated expenses payable	2,040	2,145
Reimbursement of selling and marketing expenses payable	3,944	4,147
Sales and transfer load payable	13,394	6,878
Sindh sales tax on sales load payable	1,733	886
ADC charges payable including Sindh sales tax	647	363
Other payable to the Management Company	153	153
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration payable to the Trustee	413	315
Sindh sales tax payable on remuneration of the Trustee	54	41
Settlement charges payable	145	141
Security deposit	100	100
Employees of Management Company		
Units held: 12,486,039 units (June 30, 2023: 9,411,545 units)	139,325	95,018
Portfolio managed by the Management Company		
Units held in the Fund: 36,376,397 units (June 30, 2023: 27,708,399 units)	405,907	298,342
National Bank of Pakistan - Parent of the Management Company		
Bank balances	14,189	9,476
Profit receivable on bank balances	28	-
K-Electric Limited - common directorship		
Corporate sukuk certificates held	195,399	51,891
Profit receivable on corporate sukuk certificates	15,551	1,956
Khalid Mehmood - Chief Financial Officer of Management Company		
Units held: 2,803 units (June 30, 2023: 2,803 units)	31	28

* Prior period figures have not been presented as the person was not a related party / connected person of the Fund as at June 30, 2023.

17 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).

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

----- (Unaudited) -----				
----- As at December 31, 2023 -----				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----				
At fair value through profit or loss				
GoP Ijarah sukuks	-	2,650,398	-	2,650,398
Corporate sukuk certificates	-	430,508	-	430,508
Certificates of musharakah *	-	400,132	-	400,132
	-	3,481,038	-	3,481,038

----- (Audited) -----				
----- As at June 30, 2023 -----				
Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----				
At fair value through profit or loss				
GoP Ijarah sukuks	-	377,402	-	377,402
Corporate sukuk certificates	-	395,290	-	395,290
Term deposit receipts *	-	1,150,000	-	1,150,000
Certificates of musharakah *	-	632,880	-	632,880
	-	2,555,572	-	2,555,572

* The carrying value of these deposits and certificates approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

18 GENERAL

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

19 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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