



Managing Your Savings

NBP Fund Management Limited



NBP SAVINGS FUND

ANNUAL REPORT
2022

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. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member
Mr. Saad Amanullah Khan	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Tauqeer Mazhar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Islami Pakistan Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Silk Bank Limited
Soneri Bank Limited
Telenor Microfinance Bank Limited
HBL Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Khushhali Microfinance Bank Limited
Habib Metropolitan Bank Limited
Mobilink Microfinance 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, Scheme 5,
Clifton, Karachi 75600, Pakistan.

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



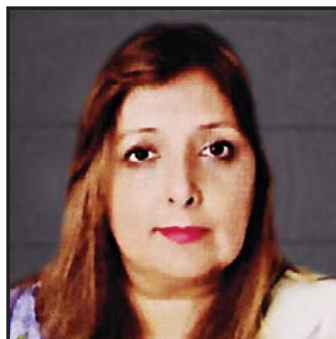
Mr. Tauqeer Mazhar
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Asim Wahab Khan, CFA
Chief Investment Officer



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation &
Strategy Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Salman Ahmed, CFA
Head of Fixed Income



Mr. Hassan Raza, CFA
Head of Research



Mr. Muhammad Umer Khan
Head of Human Resources &
Administration



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Mr. Waheed Abidi
Head of Internal Audit



Mr. Muhammad Imran, CFA, ACCA
Head of Portfolio Management



Syed Haseeb Ahmed Shah
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 15th Annual Report of **NBP Savings Fund (NBP-SF)** for the year ended June 30, 2022.

Fund's Performance

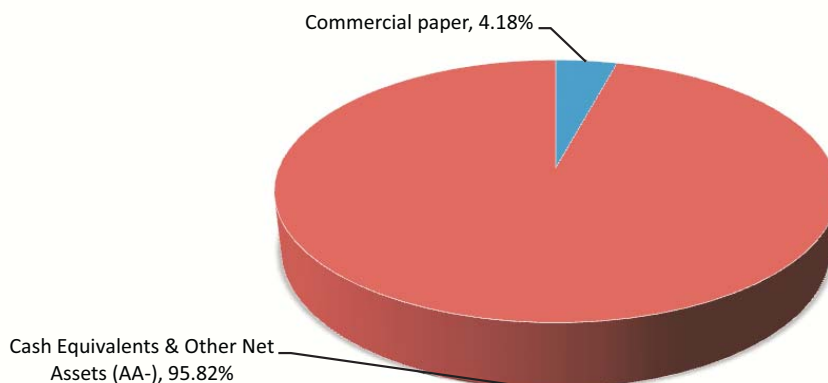
During FY22, State Bank of Pakistan (SBP) held eight (8) Monetary Policy meetings and increased the discount rate from 8% to 14.75% - to counter inflationary pressures, ensure economic sustainability and safeguard external & price stability; owing to significant domestic political noise and global uncertainty. During the second half, global economic conditions deteriorated due to Russia-Ukraine conflict and burgeoning commodity prices, which pushed all the central banks across the world to confront multi-year high inflation and challenging outlook. Domestically, the inflation trajectory also remained on an uptrend due to i) sharp spike in prices of food component, ii) continued pressure on the Rupee, iii) increase in utility tariffs, and iv) reversal of fuel subsidies. Inflation as measured by CPI clocked in at 21.3% in June-22 as against 9.7% during corresponding month last year. Gross foreign exchange reserves with SBP also shrunk to USD 9.8 billion at June-22 end compared to USD 17.3 billion a year ago. The outlook for inflation has deteriorated and risks to external stability have risen, with further rate hikes likely in the initial half of the upcoming year.

SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 17.1 trillion. The sovereign yields also witnessed high movements resulting in sharp rise in secondary market yields, which maintained their high delta from the Policy Rate. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 770, 762 and 749 basis points, respectively. Similarly, yields on 3-year, 5-year, and 10-year PIBs surged by 4.46%, 3.44%, and 2.98%, respectively.

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

The size of NBP Savings Fund has increased from Rs. 1,532 million to Rs. 1,728 million during the period, i.e., a growth of 13%. During the said period, the unit price of NBP Savings Fund has increased from Rs. 8.9882 (Ex-Div) on June 30, 2021 to Rs. 9.8335 on June 30, 2022 thus posting a return of 9.4% as compared to its Benchmark return of 10.8% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 168.03 million during the year. After deducting total expenses of Rs. 32.07 million, the net income is Rs. 135.96 million. The asset allocation of NBP-SF as on June 30, 2022 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 9.12% of the opening ex-NAV (8.94% of the par value) during the year ended June 30, 2022.

Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Sindh Workers' Welfare Fund (SWWF)

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by NBP SAVINGS FUND amounting to Rs. 9.38 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP SAVINGS FUND by 0.63% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

The present auditors, Messrs A.F. Ferguson & Co., Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2023.

Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 30 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 27 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2022, the Board included:

Category	Names
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	1. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Tauqeer Mazhar 3. Ms. Mehnaz Salar 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

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: **September 27, 2022**
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP سیونگ فنڈ (NBP-SF) کی پندرہویں سالانہ رپورٹ برائے سال تختہ 30 جون 2022ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

فیزیکی کارکردگی

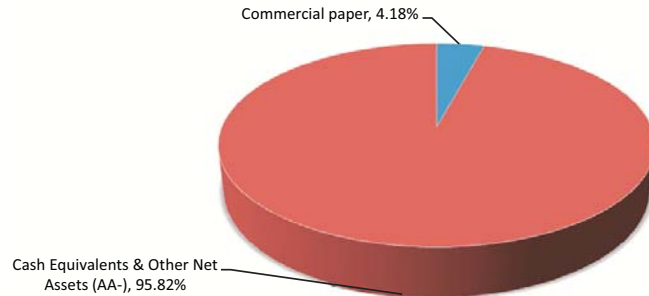
مالی سال 22 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے آٹھ (8) ماہی پالیسی اجلاس منعقد کئے اور اہم ملکی سیاسی شور اور عالمی غیر یقینی صورتحال کی وجہ سے افراط زر کے دباؤ کا مقابلہ کرنے، معاشی استحکام کو یقینی بنانے اور بیرونی اور قیمتوں کے استحکام کی حفاظت کے لیے؛ ڈسکاؤنٹ کی شرح کو 8% سے بڑھا کر 14.75% کر دیا۔ دوسری ششماہی کے دوران، روس-یوکرین تنازعہ اور ایشیا کی بڑھتی ہوئی قیمتوں کی وجہ سے عالمی اقتصادی حالات خراب ہو گئے، جس نے دنیا بھر کے تمام مرکزی بینکوں کو کئی سالوں کی بلند افراط زر اور چیلنجنگ آؤٹ لک کا سامنا کرنے پر مجبور کر دیا۔ ملکی سطح پر، افراط زر میں بھی بڑھنے کا رجحان رہا جس کی وجہ سے (i) غذائی اجزاء کی قیمتوں میں تیزی سے اضافہ، (ii) روپیہ پر مسلسل دباؤ، (iii) یوٹیلٹی ٹیرف میں اضافہ، اور (iv) ایندھن کی سبسڈی کا ختم ہونا۔ CPI کی پیمائش کردہ افراط زر جون-22 میں 22.1.3 فیصد تک پہنچ گئی جو گزشتہ سال کے اسی مہینے کے دوران 9.7 فیصد تھی۔ اسٹیٹ بینک پاکستان کے پاس غیر ملکی زرمبادلہ کے مجموعی ذخائر بھی ایک سال قبل 17.3 بلین امریکی ڈالر کے مقابلے میں جون-22 کے آخر میں 9.8 بلین امریکی ڈالر تک کم ہو گئے۔ افراط زر کا نقطہ نظر خراب ہو گیا اور بیرونی استحکام کے لیے خطرات بڑھ گئے ہیں، آئندہ سال کی پہلی ششماہی میں شرح مزید بڑھنے کا امکان ہے۔

اسٹیٹ بینک پاکستان نے چھبیس (26) ٹی بل نیلامیوں کا انعقاد کیا، جس سے کل 17.1 ٹریلین روپے کی وصولی ہوئی۔ حکومتی شرح منافع میں بھی حرکت دیکھی گئی، جس کے نتیجے میں ثانوی مارکیٹ کی شرح منافع میں تیزی سے اضافہ ہوا، جس نے پالیسی ریٹ سے اپنے اعلیٰ تغیر کو برقرار رکھا۔ 3-ماہ، 6-ماہ اور 12-ماہ کی مدت کے لئے T-Bills کی شرح منافع میں بالترتیب 770، 762 اور 749 پیسز پوائنٹس کا اضافہ ہوا۔ اسی طرح 3 سالہ، 5 سالہ اور 10 سالہ PIBs کی پیداوار میں بالترتیب 4.46%، 3.44% اور 2.98% کا اضافہ ہوا۔

NBP سیونگ فنڈ ایک اگم اسکیم ہے اور PACRA کی طرف سے اسے 'A+(f)' کی سٹیٹمیٹری ریٹنگ دی گئی ہے۔

NBP سیونگ فنڈ کا سائز اس مدت کے دوران 1,532 ملین روپے سے بڑھ کر 1,728 ملین روپے ہو گیا، یعنی 13% کا اضافہ ہوا۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 8.9882 روپے (Ex-Div) سے بڑھ کر 30 جون 2022 کو 9.8335 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 10.8% شیئر مارک منافع کے مقابلے میں 9.4% منافع دیا۔ فنڈ کا یہ منافع مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 168.03 ملین روپے کی آمدنی ہوئی۔ 32.07 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 135.96 ملین روپے ہے۔ NBP سیونگ فنڈ کی ایسٹ ایلوکیشن برطانیہ 30 جون 2022 درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2022 کے اختتام کے بعد اوپننگ ex-NAV کا 9.12% (بنیادی قدر کا 8.94%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر ایک ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

سندھ ورکرز ویلفیئر فنڈ (SWWF)

13 اگست 2021 کو NBP سیونگ فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروویڈنگ کے بعد مر اسلہ نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصول کیئر ٹیکسیشن پر میچول فنڈ زاہوسی ایشن آف پاکستان کو دی گئی 9.38 ملین روپے کی رقم واپس کر دی گئی۔ پروویڈنگ کی اس واپسی کے باعث 13 اگست 2021 کو NBP سیونگ فنڈ کے NAV میں 0.63% کا غیر معمولی اضافہ ہوا ہے۔ یہ ایک ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز ایف فرکون اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2023 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

لسڈ کمپنوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- 1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلواور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شہرہ یاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 30 میں ظاہر کی گئی ہے۔
- 11. یونٹ ہولڈنگ کا تفصیلی پیرین مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کیا گیا ہے۔
- 12. ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
- 13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کینگری
<ul style="list-style-type: none"> •1 جناب خالد منصور •2 جناب سعد امان اللہ خان •3 جناب ہمایوں بشیر 	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
<ul style="list-style-type: none"> •1 شیخ محمد عبدالواحد سیٹھی (چیئر مین) •2 جناب توقیر مظہر •3 محترمہ مہناز سالار •4 جناب علی سیگل •5 جناب عمران ظفر 	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنانس مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 27 ستمبر 2022ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Savings 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 year ended June 30, 2022 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; and
- (iii) 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, September 28, 2022

FUND MANAGER REPORT

NBP Savings Fund

NBP Savings Fund (NBP-SF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP-SF is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

Benchmark

6 Month - KIBOR.

Fund Performance Review

This is the 15th Annual report since the launch of the Fund on March 28, 2008. The Fund size increased by 13% and stands at Rs. 1,728 million as of June 30, 2022. The Fund's return since its inception is 5.7% p.a. versus the benchmark return of 9.9% p.a. During FY22, the Fund posted an annualized return of 9.4% as compared to a benchmark return of 10.8%. The return of the Fund is net of management fee and all other expenses.

The weighted average Yield-to-Maturity of the Fund is 13.5% p.a. while the yield does not include potential recovery in fully provided TFCs/Sukuks (Face Value of around Rs 304 million), which is a potential upside for the Fund. Weighted average time to maturity of the Fund is around 4 days.

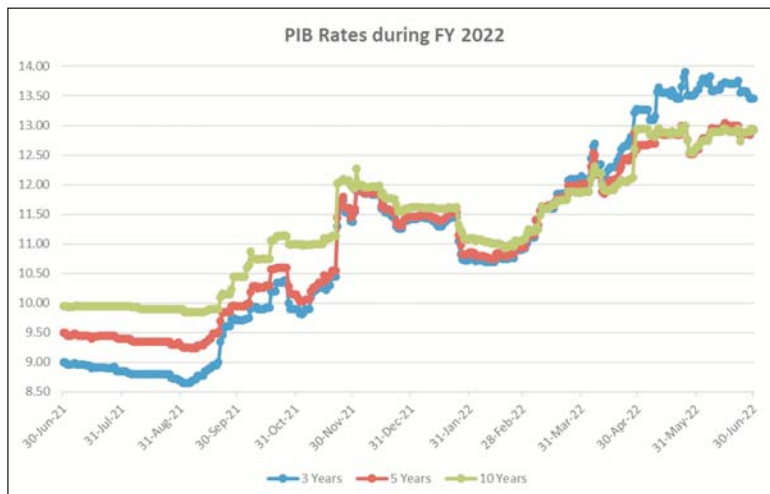
During FY22, State Bank of Pakistan (SBP) held eight (8) Monetary Policy meetings and increased the discount rate from 8% to 14.75% - to counter inflationary pressures, ensure economic sustainability and safeguard external & price stability; owing to significant domestic political noise and global uncertainty. During the second half, global economic conditions deteriorated due to Russia-Ukraine conflict and burgeoning commodity prices, which pushed all the central banks across the world to confront multi-year high inflation and challenging outlook. Domestically, the inflation trajectory also remained on an uptrend due to i) sharp spike in prices of food component, ii) continued pressure on the Rupee, iii) increase in utility tariffs, and iv) reversal of fuel subsidies. Inflation as measured by CPI clocked in at 21.3% in June-22 as against 9.7% during corresponding month last year. Gross foreign exchange reserves with SBP also shrunk to USD 9.8 billion at June-22 end compared to USD 17.3 billion a year ago. The outlook for inflation has deteriorated and risks to external stability have risen, with further rate hikes likely in the initial half of the upcoming year.

SBP held twenty-six (26) T-Bill auctions, realizing a total of Rs. 17.1 trillion. The sovereign yields also witnessed high movements resulting in sharp rise in secondary market yields, which maintained their high delta from the Policy Rate. The yields on T-Bills for 3-month, 6-month and 12-month tenures increased by 770, 762 and 749 basis points, respectively. Similarly, yields on 3-year, 5-year, and 10-year PIBs surged by 4.46%, 3.44%, and 2.98%, respectively.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-22	30-Jun-21
Term Deposit Receipt	-	0.00%
T-Bills	-	0.33%
Commercial Paper	4.18%	-
Margin Trading System (MTS)	-	7.00%
Cash (Cash Equivalents) & Other Assets	95.82%	92.67%
Total	100%	100%

PIB yields during the year are shown in the below graph:



Distribution for the Financial Year 2022

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June - 22	8.941%	10.7017	9.8076

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investment before Provision	Provision held	Value of Investment after Provision	% Net Assets	% Gross Assets
AgriTech Limited II	TFC	149,875,800	149,875,800	-	-	-
AgriTech Limited V	TFC	22,180,000	22,180,000	-	-	-
Saudi Pak Leasing Company Limited	TFC	41,321,115	41,321,115	-	-	-
Worldcall	TFC	21,515,581	21,515,581	-	-	-
Eden House Limited	Sukkuk	19,687,500	19,687,500	-	-	-
New Allied Electronics Limited II	Sukkuk	49,054,371	49,054,371	-	-	-
Total		303,634,367	303,634,367	-	-	-

Unit Holding Pattern of NBP Savings Fund as on June 30, 2022

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	257
1-1000	818
1001-5000	91
5001-10000	14
10001-50000	66
50001-100000	33
100001-500000	83
5000001-10000000	14
10000001-100000000	3
Total	1,379

During the period under question:

There has been no other significant change in the state of affairs of the Fund. NBP Savings Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Savings Fund amounting to Rs. 9.38 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Savings Fund by 0.63% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Savings Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key Audit Matter	How the matter was addressed in our audit
<p>Net Asset Value (Refer note 4 to the annexed financial statements)</p>	
<p>Bank balances constitute the most significant component of the net asset value (NAV). Bank balances of the Fund as at June 30, 2022 amounted to Rs. 1,651.129 million.</p> <p>The existence of bank balances for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> obtained independent confirmations for verifying the existence of bank balances as at June 30, 2022 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Matter

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated September 30, 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: September 28, 2022

UDIN: AR202210061xRcKIHTQk

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	2022 Rupees in '000	2021 Rupees in '000
ASSETS			
Bank balances	4	1,651,129	1,439,201
Investments	5	72,300	4,986
Receivable against Margin Trading System (MTS)	6	-	107,206
Profit receivable	7	18,204	8,407
Deposits, prepayments and other receivables	8	1,123	1,042
Total assets		<u>1,742,756</u>	<u>1,560,842</u>
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	9	8,482	7,410
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	107	104
Payable to the Securities and Exchange Commission of Pakistan	11	302	312
Payable against redemption of units		256	4,830
Accrued expenses and other liabilities	12	5,254	16,181
Total liabilities		<u>14,401</u>	<u>28,837</u>
NET ASSETS		<u>1,728,355</u>	<u>1,532,005</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>1,728,355</u>	<u>1,532,005</u>
CONTINGENCIES AND COMMITMENTS			
	13	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	14	<u>175,762,211</u>	<u>156,205,928</u>
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT	15	<u>9.8335</u>	<u>9.8076</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	----- (Rupees in 000) -----	
INCOME		
Income on government securities	11,594	20,879
Income on commercial papers	14,489	5,916
Income on term deposit receipts	-	13,332
Income on certificates of investment	773	-
Income on letters of placement	-	414
Profit on bank balances	119,549	61,644
Income from Margin Trading System (MTS)	9,645	30,154
Other income	2,910	-
Loss on sale of investments	(93)	(143)
Total income	<u>158,867</u>	<u>132,196</u>
EXPENSES		
Remuneration of NBP Fund Management Limited - the Management Company	9.1 11,060	8,965
Sindh Sales Tax on remuneration of Management Company	9.2 1,438	1,165
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1 1,132	1,170
Sindh Sales Tax on remuneration of the Trustee	10.2 147	152
Annual fee to the Securities and Exchange Commission of Pakistan	11.1 302	312
Reimbursement of allocated expenses	9.4 1,887	1,825
Reimbursement of selling and marketing expenses	9.5 11,523	10,922
Settlement and bank charges	1,573	3,512
Annual listing fee	28	28
Auditors' remuneration	16 809	787
Legal and professional charges	1,811	1,071
Annual rating fee	308	462
Securities transaction cost	1	2
Printing and other charges	50	146
Total operating expenses	<u>32,069</u>	<u>30,519</u>
Net income from operating activities	<u>126,798</u>	<u>101,677</u>
Reversal of provision / (provision) against Sindh Workers' Welfare Fund - net	12.1 9,160	(2,034)
Net income for the year before taxation	<u>135,958</u>	<u>99,643</u>
Taxation	17 -	-
Net income for the year after taxation	<u>135,958</u>	<u>99,643</u>
Earnings per unit	18	
Allocation of net income for the year:		
Net income for the year after taxation	135,958	99,643
Income already paid on units redeemed	(32,173)	(13,437)
	<u>103,785</u>	<u>86,206</u>
Accounting income available for distribution:		
- Relating to capital gains	-	-
- Excluding capital gains	103,785	86,206
	<u>103,785</u>	<u>86,206</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- (Rupees in 000) -----	
Net income for the year after taxation	135,958	99,643
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>135,958</u>	<u>99,643</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2022

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- (Rupees in 000) -----						
Net assets at the beginning of the year	1,526,730	5,275	1,532,005	1,691,334	3,236	1,694,570
Issuance of 99,936,169 units (2021: 78,869,923 units)						
- Capital value (at ex - net asset value per unit)	980,134	-	980,134	772,476	-	772,476
- Element of income	16,461	-	16,461	12,348	-	12,348
Total proceeds on issuance of units	996,595	-	996,595	784,824	-	784,824
Redemption of 80,379,886 units (2021: 95,679,946 units)						
- Capital value (at ex - net asset value per unit)	(788,334)	-	(788,334)	(937,118)	-	(937,118)
- Element of loss	(9,605)	(32,173)	(41,778)	(6,869)	(13,437)	(20,306)
Total payments on redemption of units	(797,939)	(32,173)	(830,112)	(943,987)	(13,437)	(957,424)
Total comprehensive income for the year	-	135,958	135,958	-	99,643	99,643
Distribution during the year						
For the year ended June 30, 2021: Re. 0.6320 per unit declared on June 24, 2021	-	-	-	(5,441)	(84,167)	(89,608)
For the year ended June 30, 2022: Re. 0.8941 per unit declared on June 24, 2022	(6,071)	(100,020)	(106,091)	-	-	-
Total distribution during the year	(6,071)	(100,020)	(106,091)	(5,441)	(84,167)	(89,608)
Net assets at the end of the year	1,719,315	9,040	1,728,355	1,526,730	5,275	1,532,005
Undistributed income brought forward						
- Realised income		5,275			3,195	
- Unrealised income		-			41	
		5,275			3,236	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		103,785			86,206	
		103,785			86,206	
Distribution during the year		(100,020)			(84,167)	
Undistributed income carried forward		9,040			5,275	
Undistributed income carried forward						
- Realised income		9,040			5,275	
- Unrealised income		-			-	
		9,040			5,275	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			9.8076			9.7943
Net asset value per unit at the end of the year			9.8335			9.8076

The annexed notes 1 to 32 form an integral part of these financial statements.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	----- Rupees in '000 -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	135,958	99,643
Adjustments:		
(Reversal of provision) / provision against Sindh Workers' Welfare Fund- net	12.1 (9,160)	2,034
	126,798	101,677
Decrease in assets		
Investments - net	(72,300)	164,709
Receivable against Margin Trading System	107,206	84,141
Profit receivable	(9,797)	2,180
Deposits, prepayments and other receivables	(81)	108
	25,028	251,138
(Decrease) / increase in liabilities		
Payable to NBP Fund Management Limited - the Management Company	1,072	(651)
Payable to Central Depository Company of Pakistan Limited - the Trustee	3	15
Payable to the Securities and Exchange Commission of Pakistan	(10)	85
Accrued expenses and other liabilities	(1,767)	2,694
	(702)	2,143
Net cash generated from / (used in) operating activities	151,124	354,958
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units - net of refund of element	990,524	780,982
Net payments against redemption of units	(834,686)	(1,021,946)
Distributions pay-out	(100,020)	(84,167)
Net cash generated from / (used in) financing activities	55,818	(325,131)
Net increase in cash and cash equivalents during the year	206,942	29,827
Cash and cash equivalents at the beginning of the year	1,444,187	1,414,360
Cash and cash equivalents at the end of the year	22 1,651,129	1,444,187

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was executed on 03 January 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 14 December 2007 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 18, 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 by the SECP under the NBFC Rules through a certificate of registration issued by the 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 is an open-ended mutual fund, categorised as an income scheme as per the criteria for categorisation of open end collective investment scheme as specified by the Securities and Exchange Commission of Pakistan (SECP) and the Fund is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The investment objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (2021: AM1) on June 22, 2022. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has updated the stability rating of the Fund at "A+(f)" (2021: "A(f)" on October 18, 2021) dated April 19, 2022.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.7 The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unit holders of the Fund as stated in the Offering Document.

The cost of premium is borne by the investor (where applicable). Such premium cost is deducted from the unit holder's investment on a monthly basis in case of life insurance and annual basis in case of health insurance and deposited with the Insurance Company / Takaful Operator by the Management Company as per the terms and conditions of the Insurance / Takaful coverage defined in the Insurance / Takaful policy document signed between the Insurance Company / Takaful Operator and Management Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financials statements.

2.3 Standards, interpretations and amendments to published accounting and standards that are not yet effective:

There are certain standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Fund's operations and, therefore, have not been disclosed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5), provision for Federal Excise Duty (note 9.3), provision for SWWF (note 12.1) and provision for taxation (note 3.12 and 17).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investments that have been measured at fair values.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement

Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as at the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company/ distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as at the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

'Element of income represents the difference between net asset value per unit on the issuance or redemption

date, as the case may be, of units and the net asset value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the Income Statement in the year in which these arise.
- Profit on savings accounts with banks, income on commercial papers, letters of placement, term deposit receipts, and certificates of investment are recognised on an accrued basis.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

3.12 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash.

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

3.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 18.

3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

4	BANK BALANCES	Note	2022 ------(Rupees in '000)-----	2021
	Balances with banks in:			
	Current accounts		-	1,441
	Savings accounts	4.1	1,651,129	1,437,760
			<u>1,651,129</u>	<u>1,439,201</u>

4.1 These include balances amounting to Rs 7.364 million, Rs 2.682 million, Rs 0.006 million and Rs 0.216 million (2021: Rs 0.644 million, Rs 168.702 million, Rs 0.104 million and Rs 0.134 million respectively) maintained with BankIslami Pakistan Limited, Khushhali Microfinance Bank Limited, Telenor Microfinance Bank Limited and

National Bank of Pakistan (related parties) respectively, that carry profit at the rates 15.25%, 17.00%, 15.50% and 12.25% per annum respectively (2021: 6.8%, 8.5%, 5.5% and 4.5% per annum). Other savings accounts of the Fund carry profits at the rates ranging from 12.00% to 17.00% per annum (2021: 5.5% to 8.5% per annum).

5 INVESTMENTS

2022 2021
Note -----(Rupees in '000)-----

At fair value through profit or loss

Government securities - Market Treasury Bills	5.1	-	4,986
Term finance certificates - non-performing securities	5.2	-	-
Corporate sukuk certificates - non-performing securities	5.3	-	-
Certificates of investment	5.4	-	-
Commercial papers	5.5	72,300	-
		<u>72,300</u>	<u>4,986</u>

5.1 Government securities - Market Treasury Bills

Issue date	Tenor in months	Face value				Market value as at June 30, 2022	Unrealised appreciation	Market value as a percentage of	
		As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022			total investments	net assets
----- (Rupees in '000) ----- (%) -----									
August 27, 2020	12	-	290,000	290,000	-	-	-	-	-
March 25, 2021	6	-	115,000	115,000	-	-	-	-	-
April 22, 2021	3	5,000	-	5,000	-	-	-	-	-
May 6, 2021	6	-	275,000	275,000	-	-	-	-	-
May 20, 2021	3	-	150,000	150,000	-	-	-	-	-
June 3, 2021	3	-	93,000	93,000	-	-	-	-	-
June 3, 2021	6	-	275,000	275,000	-	-	-	-	-
July 15, 2021	3	-	50,000	50,000	-	-	-	-	-
July 29, 2021	3	-	125,000	125,000	-	-	-	-	-
September 23, 2021	3	-	275,000	275,000	-	-	-	-	-
October 21, 2021	3	-	50,000	50,000	-	-	-	-	-
November 4, 2021	3	-	135,000	135,000	-	-	-	-	-
December 2, 2021	3	-	165,000	165,000	-	-	-	-	-
December 16, 2021	3	-	165,000	165,000	-	-	-	-	-
December 30, 2021	3	-	150,000	150,000	-	-	-	-	-
February 24, 2022	3	-	150,000	150,000	-	-	-	-	-
Total		5,000	2,463,000	2,468,000	-	-	-		

Carrying value as at June 30, 2022

-

Market value as at June 30, 2021

4,986

Carrying value as at June 30, 2021

4,986

5.2 Term finance certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions during the year	As at June 30, 2022	Market value as at June 30, 2022	Percentage in relation to	
										Net assets of the Fund	Total market value of the investment
									(Rupees in '000)	%	
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. 1,537 per certificate)	D, PACRA	Quarterly	September 20, 2026	6 months KIBOR plus base rate of 1.6%	14,000	-	-	14,000	-	-	-
Chemical											
Agritech Limited TFC II (Face value of Rs. 4,996 per certificate)	Unrated	-	July 14, 2025	6 months KIBOR plus base rate of 1.75%	30,000	-	-	30,000	-	-	-
Agritech Limited TFC V (Face value of Rs. 5,000 per certificate)	Unrated	-	January 1, 2025	11% fixed rate	4,436	-	-	4,436	-	-	-
Total									-	-	-
Carrying value as at June 30, 2022									-	-	-
Market value as at June 30, 2021									-	-	-
Carrying value as at June 30, 2021									-	-	-

- 5.2.1** The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly had been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 234.892 million (2021: Rs. 236.703 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 year, the Fund has received Rs 2.910 million (including a mark-up of Rs 1.099 million) against recovery of provided term finance certificate of Worldcall Telecom Limited.

5.3 Corporate sukuk certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions during the year	As at June 30, 2022	Market value as at June 30, 2022	Percentage in relation to	
										Net assets of the Fund	Total market value of the investment
									(Rupees in '000)	%	
Miscellaneous											
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 2.2%	10,000	-	-	10,000	-	-	-
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 2.5%	20,000	-	-	20,000	-	-	-
Total									-	-	-
Carrying value as at June 30, 2022									-	-	-
Market value as at June 30, 2021									-	-	-
Carrying value as at June 30, 2021									-	-	-

5.3.1 The investee companies had defaulted on its obligation 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. 68.742 million (2021: Rs. 68.742 million) against investee companies has been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

5.4 Certificates of investment

Investee Company	Rating of investee company	Placement date	Profit rate	As at July 1, 2021	Placed during the year	Matured during the year	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of total investments	Market value as a percentage of net assets
Development finance institution										
Pak Oman Investment Company Limited	AA+, VIS	April 18, 2022	-	75,000	75,000	-	-	-	-	-
Total as at June 30, 2022							-	-	-	-
Total as at June 30, 2021							-	-	-	-

5.5 Commercial papers

Name of the security	Rating	Face value				Market value as at June 30, 2022	Market value as a percentage of total investments	Market value as a percentage of net assets	
		As at July 1, 2021	Purchased during the year	Disposed off / matured during the year	As at June 30, 2022				
Power generation & distribution									
K-Electric Limited CP 1	A-1+, PACRA	-	130,000	130,000	-	-	-	-	
Lucky Electric Power Company Limited ICP-1	A-1, PACRA	-	125,000	125,000	-	-	-	-	
China Power Hub Generation Company CP	AA+, PACRA	-	75,000	-	75,000	72,300	100.0%	4.2%	
Securities companies									
JS Global Capital Limited CP	A-1+, VIS	-	30,000	30,000	-	-	-	-	
Total							72,300	100.00%	4.18%
Carrying value as at June 30, 2022							72,300		
Market value as at June 30, 2021							-		
Carrying value as at June 30, 2021							-		

5.5.1 This carries yield of 14.85% and is due to mature on October 09, 2022.

5.6	Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	Note	2022 ------(Rupees in '000)-----	2021
	Market value of investments	5.1, 5.2, 5.3. 5.4 & 5.5	72,300	4,986
	Less: carrying value of investments	5.1, 5.2, 5.3. 5.4 & 5.5	(72,300)	(4,986)
			<u>-</u>	<u>-</u>
6	RECEIVABLE AGAINST MARGIN TRADING SYSTEM (MTS)			
	Receivable against MTS		<u>-</u>	<u>107,206</u>
7	PROFIT RECEIVABLE			
	Profit receivable on:			
	- Savings accounts		18,204	7,702
	- Margin trading system		-	705
			<u>18,204</u>	<u>8,407</u>
8	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Advance tax	8.1	479	479
	Prepaid rating fee		194	113
	Deposit with Central Depository Company of Pakistan Limited*		100	100
	Deposit with National Clearing Company of Pakistan Limited*		250	250
	Others		100	100
			<u>1,123</u>	<u>1,042</u>
	*related party balances			
8.1	As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, withholding taxes on profit on bank balances and debt securities paid to the Fund have been deducted by various withholding agents based on the interpretation issued by the FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholders. The taxes withheld on profit on bank balances and debt securities as at June 30, 2022 amount to Rs 0.479 million (2021: Rs 0.479 million).			
	For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit on bank balances and debt securities have been shown as other receivables as at June 30, 2022 as, in the opinion of the management, the amount of tax deducted at source will likely be refunded.			
9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY	Note	2022 ------(Rupees in '000)-----	2021
	Remuneration payable to the Management Company	9.1	1,458	666
	Sindh Sales Tax on remuneration of the Management Company	9.2	190	87
	Federal Excise Duty on remuneration of the Management Company	9.3	2,808	2,808
	Reimbursement of allocated expenses payable	9.4	483	475
	Reimbursement of selling and marketing expenses payable	9.5	3,091	2,659
	Sales and transfer load payable		359	610
	Sindh Sales Tax on sales and transfer load		48	79
	ADC charges payable including Sindh Sales Tax		45	26
			<u>8,482</u>	<u>7,410</u>

- 9.1** 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 8% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets (2021: 8% of net income of the Fund subject to floor and capping of 0.5% and 1.5% per annum of average annual net assets).

The remuneration is payable to the Management Company monthly in arrears.

- 9.2** During the year, an amount of Rs 1.438 million (2021: Rs 1.165 million) was charged on account of sales tax on management remuneration levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2021: 13%).

- 9.3** 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 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, HCS 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 (HSC) 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 June 30, 2016 amounting to Rs 2.808 million (2021: Rs 2.808 million) is being retained in the financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at June 30, 2022 would have been higher by Re 0.016 (2021: Re 0.0179) per unit.

- 9.4** 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).

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

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from October 27, 2020 to June 30, 2021	Rate applicable from July 1, 2020 to October 26, 2020
0.125% of average annual net assets	0.125% of average annual net assets	0.1% of average annual net assets

- 9.5** 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 the following rates keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

Accordingly, the management company has currently charged selling and marketing expenses at the following rates:

Rate applicable from November 12, 2021 to June 30, 2022	Rate applicable from July 1, 2021 to November 11, 2021	Rate applicable from July 1, 2020 to June 30, 2021
0.8% per annum of average daily net assets	0.7% per annum of average daily net assets	0.7% per annum of average daily net assets

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE	Note	2022	2021
		----- (Rupees in '000) -----	
Remuneration payable to the Trustee	10.1	95	92
Sindh Sales Tax payable on Trustee remuneration	10.2	12	12
		107	104

10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. Accordingly, the Fund has charged the Trustee fee at the rate of 0.075% per annum of the average annual net assets during the year (2021: 0.075% per annum).

10.2 During the year, an amount of Rs 0.147 million (2021: Rs 0.152 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% (2021: @ 13%).

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2022	2021
		----- Rupees in '000 -----	
Annual fee payable	11.1	302	312

11.1 Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
		----- Rupees in '000 -----	
Provision against Sindh Workers' Welfare Fund	12.1	-	9,160
Auditors' remuneration		475	431
Printing charges payable		61	69
Settlement charges payable		27	247
Bank charges payable		90	59
Withholding tax payable		3,943	5,428
Capital gains tax payable		518	91
Legal and professional charges payable		122	509
Laga and levy charges payable		-	165
Others		18	22
		5,254	16,181

12.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions.

This development was discussed at MUFAP level and was also taken up with the SECP. All the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 9.16 million recognised in the financial statements of the Fund, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

14 NUMBER OF UNITS IN ISSUE	2022	2021
	(Number of units)	
Total units in issue at the beginning of the year	156,205,928	173,015,951
Add: units issued during the year	99,936,169	78,869,923
Less: units redeemed during the year	(80,379,886)	(95,679,946)
Total units in issue at the end of the year	<u>175,762,211</u>	<u>156,205,928</u>

15 NET ASSET VALUE PER UNIT

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

16 AUDITORS' REMUNERATION	2022	2021
	----- (Rupees in '000) -----	
Annual audit fee	400	380
Fee for half yearly review	165	157
Income certification	115	110
Out of pocket expenses and others including government levy	130	140
	<u>809</u>	<u>787</u>

17 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 capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

18 EARNINGS PER UNIT

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

19 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2022 is 2.00% (2021: 2.09%) which includes 0.12% (2021: 0.24%) representing government levies on the Fund such as provision against Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. The TER excluding government levies is 1.88% (2021: 1.85%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

20 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.

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
----- (Rupees in '000) -----							
Agritech Limited TFC II	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	149,876	(149,876)	-	-	-
Agritech Limited TFC V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	22,180	(22,180)	-	-	-
Eden Housing Limited Sukuk (2nd Issue)	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	19,688	(19,688)	-	-	-
New Allied Electronic Industries (Private) Limited - Sukuk II	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	49,054	(49,054)	-	-	-
Saudi Pak Leasing Company Limited - TFC II	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)	-	-	-
Worldcall Telecom Limited - TFC III	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	21,515	(21,515)	-	-	-
Total carrying value and accumulated impairment as at June 30, 2022			303,634	(303,634)	-	-	-

21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

- 21.1** 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), 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.
- 21.2** Transactions with connected persons are essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 21.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008.

- 21.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 21.5 Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 21.6 Details of transactions with related parties / connected persons are as follows:

	2022	2021
	----- Rupees in '000 -----	
NBP Fund Management Limited - the Management Company		
Remuneration of NBP Fund Management Limited - the Management Company	11,060	8,965
Sindh Sales Tax on remuneration of the Management Company	1,438	1,165
Sales load paid	1,519	2,189
Sindh Sales Tax on sales load paid	197	285
Reimbursement of allocated expenses	1,887	1,825
Reimbursement of selling and marketing expenses	11,523	10,922
ADC charges including Sindh sales tax	43	20
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	1,132	1,170
Sindh Sales Tax on remuneration of the Trustee	147	152
Settlement charges	392	366
Employees of the Management Company		
Dividend reinvestment units: 13,319 units (2021: 4,456 units)	131	10,961
Units issued: 1,005,916 units (2021: 1,107,636 units)	9,949	10,791
Units redeemed: 230,101 units (2021: 1,076,131 units)	2,375	45
Portfolio managed by the Management Company		
Dividend reinvest units issued: 5,330 units (2021: Nil)	52	-
Units issued: 930,544 (2021: Nil)	9,265	-
Units redeemed: 1,585,725 units (2021: 1,395,603 units)	16,797	14,356
Sale of Market Treasury Bills	-	72,685
NBP Employees Pension Fund		
Dividend reinvest units issued: 7,296,790 units (2021: 4,852,903 units)	71,593	47,539
Pakistan Stock Exchange Limited (Common directorship)*		
Annual Listing Fees Paid	-	27
National Clearing Company of Pakistan Limited		
NCCPL charges	262	315
NBP Money Market Fund		
Sale of Market Treasury Bills	-	168,726
BankIslami Pakistan Limited - common directorship		
Profit on bank balance	190	48
Khushhali Bank Limited - common directorship*		
Profit on bank balance	9,407	6,196
Placement of TDR	-	165,000
Markup on TDR	-	3,850

	2022	2021
	----- Rupees in '000 -----	
National Bank of Pakistan - parent company		
Purchase of Market Treasury Bills	422,002	-
NBP Financial Sector Income Fund		
Purchase of Market Treasury Bills	-	900,375
Fauji Fertilizer Company Limited (Common directorship)		
Dividend reinvest units issued: 3 units (2021: 1 unit) **	-	-
Units issued: Nil units (2021: 33 units)	-	-
Telenor Microfinance Bank Limited (Common directorship)		
Profit on bank deposit	-	25
K.T.H CP Fund (M.T.I) - unit holder with more than 10% holding		
Dividend reinvest units issued: 72 units (2021: 1,884,891 units) *	-	11,607
Units issued: 31,688,042 units (2021: 1,454,310 units)	312,825	14,244
Units redeemed: 26,344,207 units (2021: Nil units)	281,717	-
21.7 Amounts / balances outstanding as at year end:		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	1,458	666
Sindh Sales Tax on remuneration of the Management Company	190	87
Reimbursement of allocated expenses payable	483	475
Reimbursement of selling and marketing expenses payable	3,091	2,659
Sales and transfer load payable	359	610
Sindh Sales Tax on sales and transfer load	48	79
Federal Excise Duty on remuneration of the Management Company	2,808	2,808
ADC charges payable including Sindh Sales tax	45	26
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the trustee	95	92
Sindh Sales Tax on remuneration of the trustee	12	12
Settlement charges payable	27	30
Security deposit	100	100
National Clearing Company of Pakistan		
Security deposit	250	250
Settlement charges payable	-	13
National Bank of Pakistan - (parent of the Management Company)		
Bank balance	216	134
NBP Employees Pension Fund		
Units held in the fund: 87,369,695 units (2021: 80,072,905 units)	859,150	785,323
Employees of the Management Company		
Units held in the fund: 1,054,679 units (2021: 265,984 units)	10,371	2,609
Portfolio managed by the Management Company		
Units held in the fund: 725,726 units (2021: Nil units)	7,136	-
BankIslami Pakistan Limited (Common directorship)		
Bank balance	7,364	644
Profit receivable on bank balance	85	3

	2022	2021
	----- Rupees in '000 -----	
Khushhali Microfinance Bank Limited (Common directorship)		
Bank balance	2,682	168,702
Profit receivable on bank balance	412	1,086
Fauji Fertilizer Company Limited (Common directorship)		
Units held: 37 units (2021: 34 units) **	-	-
Telenor Microfinance Bank Limited (Common directorship)		
Bank balance	6	104
Profit receivable on bank balance	18	20
K.T.H CP Fund (M.T.I) - unit holder with more than 10% holding		
Units held in the fund: 28,937,884 units (2021: 23,584,650 units)	284,261	231,309

* Current period figures have not been presented as the person is not a related party / connected person as at June 30, 2022.

** Nil due to rounding off.

		2022	2021
	Note	----- (Rupees in '000) -----	
22 CASH AND CASH EQUIVALENTS			
Bank balances	4	1,651,129	1,439,201
Government securities:			
- Market Treasury Bills (original maturity of 3 months or less)	5.1	-	4,986
		<u>1,651,129</u>	<u>1,444,187</u>

23 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----			
Financial assets			
Bank balances	1,651,129	-	1,651,129
Investments	-	72,300	72,300
Profit receivable	18,204	-	18,204
Deposits	450	-	450
	<u>1,669,783</u>	<u>72,300</u>	<u>1,742,083</u>

	2022		
	At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----			
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	-	8,482	8,482
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	107	107
Payable against redemption of units	-	256	256
Accrued expenses and other liabilities	-	793	793
	<u>-</u>	<u>9,638</u>	<u>9,638</u>

	2021		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Financial assets			
Bank balances	1,439,201	-	1,439,201
Investments	-	4,986	4,986
Receivable against Margin Trading System (MTS)	107,206	-	107,206
Profit receivable	8,407	-	8,407
Deposits	450	-	450
	<u>1,555,264</u>	<u>4,986</u>	<u>1,560,250</u>
	----- (Rupees in '000) -----		
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	-	7,410	7,410
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	104	104
Payable against redemption of units	-	4,830	4,830
Accrued expenses and other liabilities	-	1,502	1,502
	<u>-</u>	<u>13,846</u>	<u>13,846</u>

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund, the NBFC Regulations and the directives issued by the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

24.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of the changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

24.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

24.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result

of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks, and commercial papers. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund is exposed to cash flow interest rate risk for balances in savings accounts on which interest rate range between 12.00% to 17.00% per annum. A reasonably possible change of 100 basis points in interest rates on the last repricing date would have increased / decreased the net income for the year and the net assets of the Fund by Rs 16.511 million (2021: Rs 14.378 million). The analysis assumes that all other variables remain constant.

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investment in commercial papers. In case of 100 basis points increase / decrease in rates on June 30, 2022, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 0.723 million (2021: Rs 0.050 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

2022					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- (Rupees in '000) -----					

On balance sheet financial instruments

Financial assets

Bank balances	12.00 - 17.00	1,651,129	-	-	-	1,651,129
Investments	14.85	72,300	-	-	-	72,300
Profit receivable		-	-	-	18,204	18,204
Deposits		-	-	-	450	450
		1,723,429	-	-	18,654	1,742,083

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	-	-	8,482	8,482
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	-	-	107	107
Payable against redemption of units	-	-	-	256	256
Accrued expenses and other liabilities	-	-	-	793	793
	-	-	-	9,638	9,638

On-balance sheet gap

	1,723,429	-	-	9,016	1,732,445
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Total interest rate sensitivity gap

	1,723,429	-	-	9,016	1,732,445
--	-----------	---	---	-------	-----------

Cumulative interest rate sensitivity gap

	1,723,429	1,723,429	1,723,429
--	-----------	-----------	-----------

2021					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in '000)

On balance sheet financial instruments

Financial assets

Bank balances	5.50 - 8.50	1,437,760	-	-	1,441	1,439,201
Investments	7.16	4,986	-	-	-	4,986
Receivable against Margin Trading System	8.25 - 11.97	107,206	-	-	-	107,206
Profit receivable		-	-	-	8,407	8,407
Deposits		-	-	-	450	450
		1,549,952	-	-	10,298	1,560,250

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	-	-	-	7,410	7,410
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	-	-	-	104	104
Payable against redemption of units	-	-	-	-	4,830	4,830
Accrued expenses and other liabilities	-	-	-	-	1,502	1,502
	-	-	-	-	13,846	13,846

On-balance sheet gap

1,549,952	-	-	(3,548)	1,546,404
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Total interest rate sensitivity gap

1,549,952	-	-	(3,548)	1,546,404
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Cumulative interest rate sensitivity gap

1,549,952	1,549,952	1,549,952
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24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not have any financial instruments which are subject to price risk.

24.2 Credit risk

24.2.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2022		2021	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Bank balances	1,651,129	1,651,129	1,439,201	1,439,201
Investments	72,300	72,300	4,986	-
Receivable against Margin Trading System	-	-	107,206	-
Profit receivable	18,204	18,204	8,407	8,407
Deposits	450	450	450	450
	1,742,083	1,742,083	1,560,250	1,448,058

(Rupees in '000)

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in government securities and margin trading system, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

24.2.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon and commercial papers. The credit rating profile of balances with banks and commercial papers is as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
Bank balances and accrued profit		
AAA	0.31%	0.50%
AA+	25.44%	71.63%
AA-	50.14%	0.20%
AA	0.17%	0.01%
A+	5.63%	11.92%
A-	0.20%	0.06%
A	12.89%	14.98%
Comercial Paper		
AA+	4.15%	-
	<u>98.93%</u>	<u>99.39%</u>

24.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions at the option of the unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short term to ensure settlement, the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the liabilities that are payable on demand have been included in the maturity grouping of one month.

----- 2022 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company

Payable to the Central Depository Company of Pakistan Limited - the Trustee

Payable against redemption of units

Accrued expenses and other liabilities

8,482	-	-	-	-	-	8,482
107	-	-	-	-	-	107
256	-	-	-	-	-	256
793	-	-	-	-	-	793
9,638	-	-	-	-	-	9,638

----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company

Payable to the Central Depository Company of Pakistan Limited - the Trustee

Payable against redemption of units

Accrued expenses and other liabilities

7,410	-	-	-	-	-	7,410
104	-	-	-	-	-	104
4,830	-	-	-	-	-	4,830
1,502	-	-	-	-	-	1,502
13,846	-	-	-	-	-	13,846

25 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 on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

25.1 Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2022 and June 30, 2021, the Fund held the following financial instruments measured at fair values:

	2022			
	Level 1	Level 2	Level 3	Total
ASSETS	----- Rupees in '000 -----			
Financial assets - at fair value through profit or loss				
Commercial papers*	-	72,300	-	72,300
	----- Rupees in '000 -----			
	2021			
	Level 1	Level 2	Level 3	Total
ASSETS	----- Rupees in '000 -----			
Financial assets - at fair value through profit or loss				
Government securities - Market Treasury Bills	-	4,986	-	4,986

*The valuation of commercial papers has been done based on amortisation to their fair value as per the guidelines given in circular 33 of 2012 issued by the SECP as the residual maturity of these investments is less than six months and are placed with counter parties which have high credit rating.

26 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 24, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

27 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount	Percentage of total	Number of unit holders	Investment amount	Percentage of total
	(Rupees in '000)			(Rupees in '000)		
Individuals	1,365	436,375	25.25%	1,338	378,260	24.69%
Associated companies and directors	1	859,150	49.71%	1	785,323	51.26%
Retirement funds	5	148,269	8.58%	6	367,285	23.98%
Public Limited Companies*	2	-	-	3	-	-
Others	6	284,561	16.46%	6	1,137	0.07%
	1,379	1,728,355	100.00%	1,354	1,532,005	100.00%

28 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Bright Capital (Private) Limited	53.46%	Optimus Markets (Private) Limited	34.60%
Invest One Market Limited	13.21%	Bright Capital (Private) Limited	32.70%
Currency Market Associates (Private) Limited	13.21%	Continental Exchange (Private) Limited	32.70%
BMA Capital Management Limited	20.12%		

28.1 The Fund has traded with only the above mentioned 4 brokers during the year ended June 30, 2022 (2021: 3 brokers).

29 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Dr. Amjad Waheed	Chief Executive Officer	Doctorate in Business Administration / MBA / CFA	34
Asim Wahab Khan	Chief Investment Officer	CFA	16
Salman Ahmed (note 29.1)	Head of Fixed Income	CFA	17
Hassan Raza	Head of Research	ACCA / BSC / CFA	11
Usama Bin Razi	Senior Manager - Fixed Income	BE, MBA	18

29.1 The name of the Fund Manager is Salman Ahmed. Other funds being managed by the Fund Manager are as follows:

- NBP Financial Sector Income Fund
- NBP Government Securities Liquid Fund
- NBP Government Securities Savings Fund
- NBP Income Opportunity Fund
- NBP Islamic Daily Dividend Fund
- NBP Islamic Money Market Fund
- NBP Islamic Savings Fund
- NBP Mahana Amdani Fund
- NBP Money Market Fund
- NBP Riba Free Savings Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Income Fund

30 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 81st, 82nd, 83rd, 84th, and 85th Board Meetings were held on July 07, 2021, September 16, 2021, October 29, 2021, February 23, 2022 and April 27, 2022, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of directors	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
Ali Saigol	5	5	-	-
Imran Zaffar	5	4	1	85th BOD Meeting
Khalid Mansoor	5	4	1	82nd BOD Meeting
Humayun Bashir	5	5	-	-
Saad Amanullah Khan	5	5	-	-
Dr. Amjad Waheed	5	5	-	-
Mehnaz Salar	5	5	-	-
Syed Hasan Irtiza Kazmi [note 30.1]	-	-	-	-
Tauqeer Mazhar [note 30.2]	4	4	-	-

30.1 Syed Hasan Irtiza Kazmi resigned as director on June 25, 2021.

30.2 Tauqeer Mazhar was appointed as director on the Board with effect from August 04, 2021.

31 GENERAL

31.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

31.2 Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 27, 2022 by the Board of Directors of the Management Company.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2022	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017
Net assets (Rs. '000')	1,728,355	1,532,005	1,694,570	1,003,926	803,721	922,057
Net Income / (loss) (Rs. '000')	135,958	99,643	129,128	83,840	46,846	40,477
Net Asset Value per units (Rs.)	9.8335	9.8076	9.7943	9.7759	10.2938	9.7548
Offer price per unit	9.9414	9.9168	9.9050	9.8864	10.4102	9.8650
Redemption price per unit	9.8335	9.8076	9.7943	9.7759	10.2938	9.7548
Ex - Highest offer price per unit (Rs.)	10.8226	9.9168	9.9050	10.7662	10.4101	9.8650
Ex - Lowest offer price per unit (Rs.)	9.0897	9.3071	8.7363	9.8682	9.865	9.2727
Ex - Highest redemption price per unit (Rs.)	9.8335	9.8076	9.7943	10.6459	10.2938	9.7548
Ex - Lowest redemption price per unit (Rs.)	8.9898	9.2022	8.7363	9.7579	9.7564	9.1576
Fiscal Year Opening Ex NAV	8.9882	9.2006	8.7337	9.7548	9.7548	9.1577
Total return of the fund	9.40%	6.60%	12.11%	9.30%	5.53%	6.52%
Capital growth	0.29%	0.14%	0.18%	0.16%	0.00%	-0.21%
Income distribution as % of Ex-NAV	9.12%	6.45%	11.94%	9.14%	5.53%	6.73%
Income distribution as % of Par Value	8.94%	6.32%	11.67%	8.91%	5.39%	6.17%
Interim distribution per unit	0.8941	0.6320	1.1669	0.8911		0.6167
Final distribution per unit					0.539	-
Distribution dates						
Interim	24-Jun-22	24-Jun-21	24-Jun-20	24-Jun-19		19-Jun-17
Final					4-Jul-18	
Average annual return (launch date 28-03-08)						
(Since inception to June 30, 2022)	5.68%					
(Since inception to June 30, 2021)		5.40%				
(Since inception to June 30, 2020)			5.31%			
(Since inception to June 30, 2019)				4.70%		
(Since inception to June 30, 2018)					4.28%	
(Since inception to June 30, 2017)						4.14%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	4 Days	4 Days	12 Days			40 Days

"Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up."

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

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