

## NBP STOCK 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 Shakra-e-Faisal, Karachi.

### Bankers to the Fund

MCB Bank Limited	Faysal Bank Limited
JS Bank Limited	Soneri Bank Limited
Meezan Bank Limited	The Bank of Punjab
Habib Bank Limited	Albaraka Bank of Pakistan
United Bank Limited	Silk Bank Limited
Bank Alfalah Limited	Bank Islami Pakistan Limited
Bank Al Habib Limited	Dubai Islamic Bank Pakistan Limited
Askari Bank Limited	U Microfinance Bank Limited
Habib Metropolitan Bank Limited	Telenor Microfinance Bank Limited
Allied Bank Limited	Khushhali Microfinance Bank Limited
National Bank of Pakistan	HBL Microfinance Bank Limited
Samba Bank Limited	Mobilink Microfinance Bank Limited
Zarai Taraqiati Bank Limited	

**Auditors**

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

**Legal Advisor**

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

**Head Office:**

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

**Lahore Office:**

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

**Islamabad Office:**

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

**Peshawar Office:**

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

**Multan Office:**

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

## Board of Directors



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Humayun Bashir**  
Director



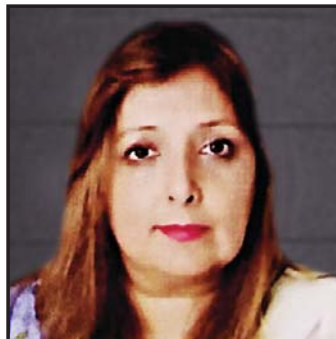
**Mr. Tauqeer Mazhar**  
Director



**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 Sixteenth Annual Report of **NBP Stock Fund** (NSF) for the year ended June 30, 2022.

### Fund's Performance

FY22 remained a disappointing year for the stock market, as the KSE-100 index fell by around 12.3% on a yearly basis. This comes after robust return in FY21 when index surged by a healthy 37.6% YoY. Throughout the year, the market remained quite volatile amid thin volumes, traded within a range and showing lack of investors' interest.

The subdued equity market performance was despite robust corporate profitability of listed companies, which for the first three quarters of FY22 stood at 25% and, even after the imposition of super tax, is expected to deliver double digit growth. Investors remained focused on external numbers, especially the burgeoning current account deficit (CAD) which rose sharply to USD 17.3 billion in FY22 (up from USD 2.8 billion in FY21). Strong aggregate domestic demand and ongoing commodity super-cycle amidst the conflict between Russia & Ukraine worsened the external trade numbers. Market participants also remained wary of impact of elevated commodity prices on inflation, which averaged around 12.2% in FY22, with June-22 monthly inflation at multi-year high of 21.3%. The international bond yields rose substantially during the period. To compress both external imbalances and rampant inflation, the central bank raised Policy Rates aggressively by a cumulative 6.75% in FY22. For the same reason, PKR also devalued by a whopping 30% during the year. The inordinate delay in resumption of IMF program remained another reason for nervousness in the market. The downgrade of Pakistan from MSCI Emerging Market to MSCI Frontier Market also took place during the year, necessitating rebalancing on part of foreign investors that resulted in sizeable foreign outflows, which further dented market performance. Lastly, there was heightened political uncertainty in the country as the ruling party lost its majority in the assembly and new coalition government was formed.

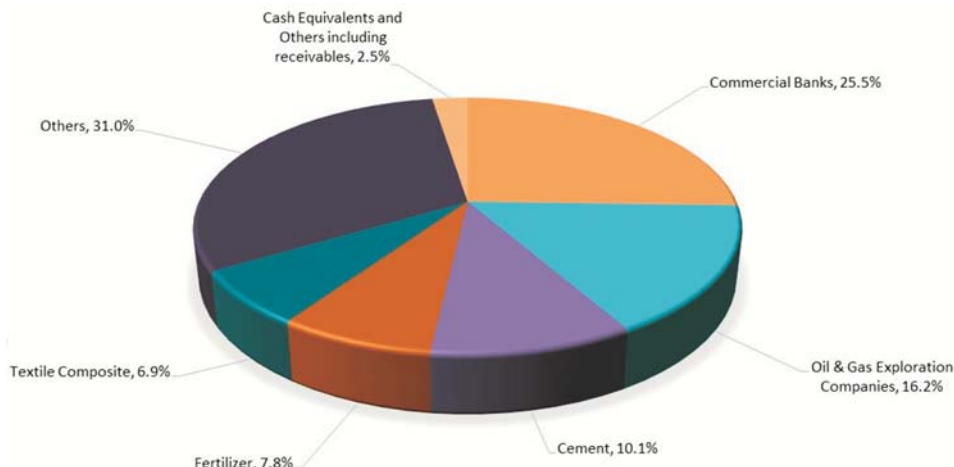
In terms of sector wise performance, Auto Assemblers, Chemicals, Commercial Banks, Fertilizers, Oil & Gas Exploration, and Power Generation & Distribution sectors outperformed the market. On the other hand, Auto Parts & Acc., Cable & Electrical Goods, Cements, Engineering, Food & Personal Care, Insurance, Oil & Gas Marketing, Pharmaceutical, Refinery, and Technology sectors lagged the market. On participants-wise market activity, Foreigners and Mutual Funds were the largest net sellers with outflows of around USD 298 million and USD 128 million, respectively. On the contrary, Individuals & Bank/DFIs increased their net holdings by around USD 157 million and USD 115 million, respectively.

During the fiscal year, NBP Stock Fund decreased by 14.0% as against the KSE-30 Index decrease by 10.4%, underperforming the market by 3.6% during the year. The underperformance during the year was because the Fund was overweight in key stocks in Cement, Engineering, Textile Composite, and Glass & Ceramics sectors that underperformed the market and was underweight in key stocks in Fertilizer, Oil & Gas Exploration Companies, Commercial Banks, and Refinery Companies, sectors that outperformed the market. Since inception (January 19, 2007), NSF has risen by 413.7%, whereas the KSE-30 Index has increased by 99.2%, thus to date out-performance is 314.5%. This outperformance is net of management fee and all other expenses. The Fund size is 13,668 million as of June 30, 2022.

NBP Stock Fund has incurred a loss of Rs. 1,590.86 million during the year. After incurring total expenses of Rs. 779.92 million, the total loss is Rs. 2,370.78 million. During the year, the unit price of NBP Stock Fund has decreased from Rs. 16.0433 (Ex-Div) on June 30, 2021 to Rs. 13.7966 on June 30, 2022. The resultant per unit loss is Rs. 2.2467 (-14.00%).



The asset allocation of NBP Stock Fund as on June 30, 2022 is as follows:



## Income Distribution

Due to net loss for the year, no distribution has been made.

## Taxation

On account of net loss, no provision for taxation was made in the financial statements of the Fund.

## Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Stock Fund amounting to Rs. 215.84 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 Stock Fund by 1.03% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## Auditors

The present auditors, Messrs Yousuf Adil 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 22 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 21 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 18 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
<b>Independent Directors</b>	<ol style="list-style-type: none"> <li>1. Mr. Khalid Mansoor</li> <li>2. Mr. Saad Amanullah Khan</li> <li>3. Mr. Humayun Bashir</li> </ol>
<b>Executive Director</b>	Dr. Amjad Waheed - Chief Executive Officer
<b>Non-Executive Directors</b>	<ol style="list-style-type: none"> <li>1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li> <li>2. Mr. Tauqeer Mazhar</li> <li>3. Ms. Mehnaz Salar</li> <li>4. Mr. Ali Saigol</li> <li>5. Mr. Imran Zaffar</li> </ol>

## 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 این بی پی اسٹاک فنڈ (NSF) کی سولویں سالانہ رپورٹ برائے سال تختہ 30 جون 2022ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

مالی سال 22 اسٹاک مارکیٹ کے لیے ایک مایوس کن سال رہا، کیونکہ KSE-100 انڈیکس سالانہ بنیادوں پر تقریباً 12.3 فیصد گر گیا۔ یہ کمی مالی سال 21 میں انڈیکس میں 37.6 فیصد سالانہ مستحکم اضافہ کے بعد ہوئی۔ پورے سال کے دوران، مارکیٹ کم حجم کے کافی اتار چڑھاؤ کا شکار رہی، تجارت ایک حد کے اندر کی گئی اور سرمایہ کاروں کی دلچسپی میں کمی دکھائی دی۔

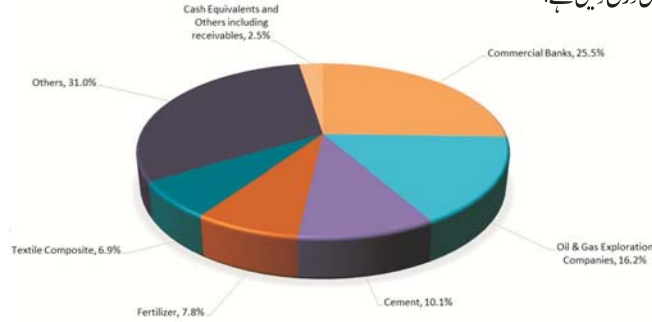
لسٹڈ کمپنیوں کے مستحکم کارپوریٹ منافع کے باوجود ایکویٹی مارکیٹ کی کارکردگی ناقص رہی، جو کہ مالی سال 22 کی پہلی تین سہ ماہیوں میں 25 فیصد رہی اور سپر ٹیکس کے نفاذ کے بعد نمودار ہندسوں میں رہنے کی توقع ہے۔ سرمایہ کاروں کی توجہ بیرونی اعداد پر مرکوز رہی، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) جو مالی سال 22 میں تیزی سے بڑھ کر 17.3 بلین امریکی ڈالر (FY21 میں 2.8 بلین امریکی ڈالر) ہو گیا۔ روس اور یوکرین کے درمیان تنازعہ کے باعث مضبوط مجموعی ملکی طلب اور اجناس کے جاری سپر سائیکل نے بیرونی تجارتی اعداد کو مزید خراب کر دیا۔ مارکیٹ کے شرکاء اجناس کی افراط زار اور زیادہ قیمتوں کے اثرات سے بھی محتاط رہے، جو کہ مالی سال 22 میں اوسط تقریباً 12.2 فیصد سے جون 22 میں ماہانہ افراط زر 21.3 فیصد کی کثیر سالہ بلند ترین سطح پر تھی۔ اس عرصے کے دوران بین الاقوامی بانڈ کے منافع میں خاطر خواہ اضافہ ہوا۔ دونوں، بیرونی عدم توازن اور بڑھتی ہوئی افراط زر کو کم کرنے کے لیے، مرکزی بینک نے مالی سال 22 میں مجموعی طور پر پالیسی کی شرحوں میں 6.75 فیصد تک جارحانہ اضافہ کیا۔ اسی وجہ سے، پاکستانی روپیہ کی قدر میں بھی سال کے دوران 30% کمی ہوئی۔ آئی ایم ایف پروگرام کی دوبارہ بحالی ہونے میں غیر معمولی تاخیر مارکیٹ میں پریشانی کی دوسری اہم وجہ رہی۔ سال کے دوران MSCI ایمریکنگ مارکیٹ سے MSCI فریٹائر مارکیٹ میں پاکستان کی تنزلی بھی ہوئی، جس سے غیر ملکی سرمایہ کاروں کی جانب سے دوبارہ توازن کی ضرورت پڑی جس کے نتیجے میں بڑے پیمانے پر غیر ملکی اخراج ہوا، جس نے مارکیٹ کی کارکردگی کو مزید نقصان پہنچایا۔ آخر، ملک میں سیاسی غیر یقینی صورتحال عروج پر پہنچ گئی کیونکہ حکمران جماعت اسمبلی میں اپنی اکثریت کھو بیٹھی اور نئی مخلوط حکومت قائم ہوئی۔

شعبہ جات کارکردگی کے لحاظ سے، آٹو اسمبلرز، کیمیکلز، کمرشل بینک، فریٹلائزرز، آئل اینڈ گیس ایکسپلوریشن، اور پاور جنریشن اور ڈسٹری بیوشن سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری طرف، آٹو پارٹس اینڈ ایکسیسریز، کیمیکل اور الیکٹریکل سامان، سینٹ، انجینئرنگ، خوراک اینڈ ذاتی نگہداشت، انشورنس، آئل اینڈ گیس مارکیٹنگ، فارماسیوٹیکل، ریفاٹری اور ٹیکنالوجی کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی اور میچل فنڈز بالترتیب 298 ملین امریکی ڈالر اور 128 ملین امریکی ڈالر کے اخراج کے ساتھ سب سے زیادہ خالص فروخت کنندگان رہے۔ اس کے برعکس، افراد اور بینک/DFIs نے اپنے خالص ہولڈنگز میں بالترتیب 157 ملین امریکی ڈالر اور 115 ملین امریکی ڈالر کا اضافہ کیا۔

مالی سال کے دوران، NBP اسٹاک فنڈ میں KSE-30 انڈیکس کی 10.4% کمی کے مقابلے میں 14.0% کم ہوا، سال کے دوران مارکیٹ نے 3.6% کی اتر کارکردگی دکھائی۔ کیونکہ فنڈ نے سینٹ، انجینئرنگ، ٹیکسٹائل کمپوزٹ اور شیشے اور سیرامکس کے شعبوں میں اہم اسٹاک کو زیادہ اہمیت دی جنہوں نے مارکیٹ میں اتر کارکردگی کا مظاہرہ کیا اور فریٹلائزرز، آئل اینڈ گیس ایکسپلوریشن کمپنیوں، کمرشل بینک، اور ریفاٹری کمپنیوں، وہ شعبے ہیں جنہوں نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا، ان کے اہم اسٹاک کو کم اہمیت دی گئی۔ فنڈ کے آغاز (19 جنوری 2007) کے بعد سے NSF میں 413.7% کا اضافہ ہوا، جبکہ KSE-30 انڈیکس 99.2% تک بڑھ گیا، لہذا فنڈ کی آج تک بہتر کارکردگی 314.5% ہے۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2022 کو فنڈ کا سائز 13,668 ملین روپے ہے۔

NBP اسٹاک فنڈ کو اس مدت کے دوران 1,590.86 ملین روپے کا نقصان ہوا۔ 779.92 ملین روپے کے اخراجات منہا کرنے کے بعد خالص نقصان 2,370.78 ملین روپے ہے۔ سال کے دوران، NBP اسٹاک فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 16.0433 روپے سے کم ہو کر 30 جون 2022 کو 13.7966 روپے ہو گئی۔ جس کے نتیجے میں فی یونٹ نقصان 2.2467 روپے (-14.00%) ہے۔

30 جون 2022 کو این بی پی فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



## آمدنی کی تقسیم

سال کے خالص نقصان کی وجہ سے، کوئی تقسیم نہیں کی گئی۔

## ٹیکسیشن

خالص نقصان کی وجہ سے، فنڈ کے مالی بیانات میں ٹیکس لگانے کا کوئی بندوبست نہیں کیا گیا

## سندھ ورکرز ویلفیئر فنڈ (SWWF)

مورخہ 12 اگست 2021 کو سندھ ریونیو بورڈ کی جانب سے ایک وضاحتی مراسلہ نمبر SRB/TP/70/2013/8772 میوچل فنڈز ایسوسی ایشن آف پاکستان کو بھیجا گیا۔ رو سے NBP اسٹاک فنڈ میں ریکارڈ کی گئی 215.84 ملین روپے ورکرز ویلفیئر فنڈ کی پروویڈنگ کو 13 اگست 2021 ریورس کر دیا گیا۔ پروویژن کی اس ریورسل کے باعث NBP اسٹاک فنڈ کی NAV میں 1.03% کا غیر معمولی اضافہ ہوا۔ یہ ایک ایسا موقع ہے جس کا مستقبل میں دوبارہ ہونے کا امکان نہیں ہے۔

## آڈیٹرز

میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، رہنما ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2023 کو ختم ہونے والے سال کے دوبارہ تفری کے لئے خود کو پیش کرتے ہیں۔

## لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

1. منجھٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور پونٹ 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۔ شمار یاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک 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 ٹیبیل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران منجھٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کی گئی ہے۔
11. پونٹ ہولڈنگ کا تفصیلی پٹرن مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کیا گیا ہے۔

- 12 ڈائریکٹرز، ای او، ای ایف او، ایچ ایف او، ایچ ایف او اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 18 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
•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
•1 شیخ محمد عبدالواحد سیٹھی (چیئرمین) •2 جناب توقیر مظہر •3 محترمہ مہناز سالار •4 جناب علی سیگل •5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

## اظہار شکر

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

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

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ 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 Stock 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 Stock Fund

NBP Stock Fund is an Open-ended Equity Fund

### Investment Objective of the Fund

The objective of NBP Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund is moderate to high.

### Benchmark

The Benchmark of the Fund is KSE-30 Total Return Index.

### Fund performance review

This is the Sixteenth annual report of the Fund. During the fiscal year, NBP Stock Fund decreased by 14.0% as against the KSE-30 index decreased by 10.4%, underperforming the market by 3.6% during the year. Since inception (January 19, 2007), NSF has risen by 413.7%, whereas the KSE-30 Index has increased by 99.2%, thus to date out-performance is 314.5%. This outperformance is net of management fee and all other expenses. Thus, NSF has met its investment objective. During the year, the fund size of NSF decreased by 34% to Rs 13,668 million.

The underperformance during the year was because the Fund was overweight in key stocks in Cement, Engineering, Textile Composite, and Glass & Ceramics sectors that underperformed the market and was underweight in key stocks in Fertilizer, Oil & Gas Exploration Companies, Commercial Banks, and Refinery Companies, sectors that outperformed the market.

The chart below shows the performance of NSF against the Benchmark for the year.

**NSF Performance vs. Benchmark during FY22**



At the beginning of the year, NSF was around 97.5% invested in equities which was maintained during the period.

FY22 remained a disappointing year for the stock market, as the KSE-100 index fell by around 12.3% on a yearly basis. This comes after robust return in FY21 when index surged by a healthy 37.6% YoY. Throughout the year, the market remained quite volatile amid thin volumes, traded within a range and showing lack of investors' interest.

The subdued equity market performance was despite robust corporate profitability of listed companies, which for the first three quarters of FY22 stood at 25% and, even after the imposition of super tax, is expected to deliver double digit growth. Investors remained focused on external numbers, especially the burgeoning current account deficit (CAD) which rose sharply to USD 17.3 billion in FY22 (up from USD 2.8 billion in FY21). Strong aggregate domestic demand and ongoing commodity super-cycle amidst the conflict between Russia & Ukraine worsened the external trade numbers. Market participants also remained wary of impact of elevated commodity prices on inflation, which averaged around 12.2% in FY22, with June-22 monthly inflation at multi-year high of 21.3%. The international bond yields rose substantially during the period. To compress both external imbalances and rampant inflation, the central bank raised Policy Rates aggressively by a cumulative 6.75% in FY22. For the same reason, PKR also devalued by a whopping 30% during the year. The inordinate delay in resumption of IMF program remained another reason for nervousness in the market. The downgrade of Pakistan from MSCI Emerging Market to MSCI Frontier Market also took place during the year, necessitating rebalancing on part of foreign investors that resulted in sizeable foreign outflows, which further dented market performance. Lastly, there was heightened political uncertainty in the country as the ruling party lost its majority in the assembly and new coalition government was formed.

In terms of sector wise performance, Auto Assemblers, Chemicals, Commercial Banks, Fertilizers, Oil & Gas Exploration, and Power Generation & Distribution sectors outperformed the market. On the other hand, Auto Parts & Acc., Cable & Electrical Goods, Cements, Engineering, Food & Personal Care, Insurance, Oil & Gas Marketing, Pharmaceutical, Refinery, and Technology sectors lagged the market. On participants-wise market activity, Foreigners and Mutual Funds were the largest net sellers with outflows of around USD 298 million and USD 128 million, respectively. On the contrary, Individuals & Bank/DFIs increased their net holdings by around USD 157 million and USD 115 million, respectively.

#### Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-22	30-Jun-21
Equities / Stocks	97.5%	98.0%
Cash Equivalents	3.4%	3.2%
Other Net Liabilities	(0.9%)	(1.2%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

#### Distribution for the Financial Year 2022

Due to net loss for the year, no distribution has been made.

#### Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	181
1-1000	812
1001-5000	448
5001-10000	212
10001-50000	455
50001-100000	168
100001-500000	213
500001-1000000	40
1000001-5000000	45
5000001-10000000	15
10000001-100000000	14
100000001-1000000000	3
<b>Total</b>	<b>2,606</b>



**During the period under question:**

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The 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 Stock Fund amounting to Rs. 215.84 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 Stock Fund by 1.03% 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 of NBP Stock Fund

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of NBP Stock Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, the statement of comprehensive income, the statement of movement in unit holders' fund and the 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 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 and NBP Fund Management Limited (the Management Company) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

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 year.

This matter was 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 this matter.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment</b></p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in Equity Securities which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>Obtained an understanding of relevant controls placed by the Management Company applicable to the balance;</li> <li>Independently verified existence of investments from Central Depository Company (CDC) account Statement, Investment Portfolio Services (IPS), bank confirmations and other relevant documents;</li> <li>Performed test of details on sale, purchase and maturity of investments on a sample basis by inspecting deal tickets, counterparty confirmation, broker confirmation and bank statements; and</li> <li>Tested valuation of investments by independently tracing rate to externally quoted market prices and from Pakistan Stock Exchange(PSX)</li> </ul>

## Information other than the financial statements and auditor's report thereon

Management Company is responsible for the other information. The other information comprises the information (Directors' Report, Fund Manager Report & Trustee Report to the Unit Holders) 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 Company and Those Charged with Governance for the financial statements

Management Company 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 the Management Company 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 Company 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 Company 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 are 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- 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 Those Charged with Governance of 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 Those Charged with Governance of 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 Those Charged with Governance of 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**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

#### **Other matter**

The condensed interim financial information of the Fund for the half year ended December 31, 2020 and the financial statements of the Fund for the year ended June 30, 2021 were reviewed and audited by another firm of chartered accountants, who had expressed unmodified conclusion and opinion thereon vide report dated September 30, 2021.

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

#### **Yousuf Adil**

Chartered Accountants

Place: Karachi

Date: September 28, 2022

UDIN: AR202210091uqwXvdTDK

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>Assets</b>			
Bank balances	4	461,917	660,437
Investments	5	13,322,576	20,290,143
Dividend and profit receivable	6	5,122	1,490
Receivable against sale of investments		18,968	10,477
Receivable from funds under management by Management Company against conversion of units		1,349	12,989
Advances, deposits and prepayment	7	7,337	157,096
<b>Total assets</b>		<b>13,817,269</b>	<b>21,132,632</b>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	8	98,947	139,507
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,385	2,077
Payable to Securities and Exchange Commission of Pakistan	10	3,647	3,632
Payable against redemption / conversion of units		4,660	10,507
Accrued expenses and other liabilities	11	41,014	283,036
<b>Total liabilities</b>		<b>149,653</b>	<b>438,759</b>
<b>Net assets</b>		<b>13,667,616</b>	<b>20,693,873</b>
<b>Unitholders' fund (as per statement attached)</b>		<b>13,667,616</b>	<b>20,693,873</b>
<b>Contingency and commitment</b>	12		
		(Number of units)	
<b>Number of units in issue</b>	13	990,648,156	1,289,877,976
		(Rupees)	
<b>Net assets value per unit</b>		13.7966	16.0433

The annexed notes 1 to 26 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

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>Income</b>			
Dividend income		1,330,698	865,956
(Loss) / Gain on sale of investments at fair value through profit or loss (FVTPL) - net		(160,772)	1,244,016
Profit on bank deposits		28,061	22,426
Income from government securities - T-bills		18,634	30,590
Net unrealised (diminution) / appreciation on re-measurement of investments at FVTPL	5.1	(3,018,110)	3,642,110
<b>Total (loss) / income</b>		<b>(1,801,489)</b>	<b>5,805,098</b>
<b>Expenses</b>			
Remuneration to NBP Fund Management Limited - Management Company	8.1	317,112	271,833
Sindh Sales Tax on remuneration to Management Company	8.2	41,225	35,336
Remuneration to Central Depository Company of Pakistan Limited - Trustee	9.1	19,236	19,162
Sindh Sales Tax on remuneration to Trustee	9.2	2,501	2,491
Reimbursement of Selling and marketing expenses	8.3	339,170	332,418
Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4	35,741	24,597
Annual fee - Securities and Exchange Commission of Pakistan	10	3,647	3,632
Securities transaction cost		17,957	29,248
Settlement and bank charges		1,800	2,318
Auditors' remuneration	14	810	854
Fund rating fee		280	255
Annual listing fee		28	28
Professional fees		311	234
Printing charges		97	105
<b>Total expenses</b>		<b>779,915</b>	<b>722,511</b>
<b>Net (loss) / income from operating activities</b>		<b>(2,581,404)</b>	<b>5,082,587</b>
Reversal of Provision / (Provision) for Sindh Workers' Welfare Fund	11.1	210,624	(101,652)
<b>Net (loss) / income for the year before taxation</b>		<b>(2,370,780)</b>	<b>4,980,935</b>
Taxation	15	-	-
<b>Net (loss) / income for the year</b>		<b>(2,370,780)</b>	<b>4,980,935</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	4,980,935
Income already paid on units redeemed		-	(1,407,812)
		<b>-</b>	<b>3,573,123</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gain		-	3,573,123
- Excluding capital gain		-	-
		<b>-</b>	<b>3,573,123</b>

The annexed notes 1 to 26 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 (loss) / income for the year	(2,370,780)	4,980,935
Other comprehensive income for the year	-	-
<b>Total (loss) / comprehensive income for the year</b>	<b>(2,370,780)</b>	<b>4,980,935</b>

The annexed notes 1 to 26 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		
	Value	Undistributed income / Accumulated (losses)	Total	Value	Undistributed income / Accumulated (losses)	Total
<b>Note</b>	----- (Rupees in '000) -----					
Net assets at beginning of the year	18,001,366	2,692,507	20,693,873	14,382,261	(680,642)	13,701,619
Issue of 382,985,440 units (2021: 1,089,407,235 units)						
- Capital value	6,144,350	-	6,144,350	13,038,244	-	13,038,244
- Element of (loss) / income	(100,565)	-	(100,565)	3,993,021	-	3,993,021
Total proceeds on issuance of units	6,043,785	-	6,043,785	17,031,265	-	17,031,265
Redemption of 682,215,260 units (2021: 944,363,735 units)						
- Capital value	(10,944,984)	-	(10,944,984)	(11,302,334)	-	(11,302,334)
- Element of income / (loss)	245,722	-	245,722	(2,022,899)	(1,407,812)	(3,430,711)
Total payments on redemption of units	(10,699,262)	-	(10,699,262)	(13,325,233)	(1,407,812)	(14,733,045)
Interim distribution: Nil (2021: Re. 0.2236 per unit paid on 23 June 2021)						
Income distributed	-	-	-	-	(199,974)	(199,974)
Refund of capital	-	-	-	(86,927)	-	(86,927)
	-	-	-	(86,927)	(199,974)	(286,901)
Total (loss) / comprehensive income for the year	-	(2,370,780)	(2,370,780)	-	4,980,935	4,980,935
<b>Net assets at end of the year</b>	<b>13,345,889</b>	<b>321,727</b>	<b>13,667,616</b>	<b>18,001,366</b>	<b>2,692,507</b>	<b>20,693,873</b>
Accumulated income / (loss) brought forward						
- Realised		(949,603)			27,819	
- Unrealised		3,642,110			(708,461)	
		2,692,507			(680,642)	
Net (loss) / income for the year		(2,370,780)			-	
Accounting income available for distribution						
- Relating to capital gain		-			3,573,123	
- Excluding capital gain		-			-	
		-			3,573,123	
Interim distribution NIL (2021: Re. 0.2236 per unit paid on 23 June 2021)		-			(199,974)	
Undistributed income / (loss) carried forward		321,727			2,692,507	
Undistributed income / (loss) carried forward						
- Realised		3,339,837			(949,603)	
- Unrealised		(3,018,110)			3,642,110	
		321,727			2,692,507	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			16.0433			11.9682
Net assets value per unit at end of the year			13.7966			16.0433

The annexed notes 1 to 26 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) -----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year	(2,370,780)	4,980,935
<b>Adjustments for non-cash items:</b>		
Net unrealised (diminution) / appreciation on of investments at FVTPL	5.1 3,018,110	(3,642,110)
(Reversal of Provision) / Provision for Sindh Workers' Welfare Fund	11.1 (210,624)	101,652
	<u>436,706</u>	<u>1,440,477</u>
<b>Decrease / (Increase) in assets</b>		
Investments	3,949,457	(3,285,164)
Dividend and profit receivable	(3,632)	1,298
Receivable against sale of investments	(8,491)	36,289
Advances, deposits and prepayment	149,759	(149,784)
	<u>4,087,093</u>	<u>(3,397,361)</u>
<b>Decrease / (Increase) in liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	(40,560)	67,882
Payable to Central Depository Company of Pakistan Limited - Trustee	(692)	700
Payable to Securities and Exchange Commission of Pakistan	15	1,012
Accrued expenses and other liabilities	(31,398)	30,423
	<u>(72,635)</u>	<u>100,017</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>4,451,164</u>	<u>(1,856,867)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	6,055,425	16,933,057
Amount paid on redemption of units	(10,705,109)	(14,779,354)
Dividend paid	-	(199,974)
<b>Net cash (used in) / generated from financing activities</b>	<u>(4,649,684)</u>	<u>1,953,729</u>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	<u>(198,520)</u>	<u>96,862</u>
Cash and cash equivalents at beginning of the year	660,437	563,575
<b>Cash and cash equivalents at end of the year</b>	4 461,917	660,437

The annexed notes 1 to 26 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 30 JUNE 2022

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 01 December 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company 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 No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Fund Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as an "equity scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and 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 core objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. In case the Fund Manager expects the stock market to drop, he/she may temporarily allocate assets to other asset classes, subject to the prescribed limits, such as Treasury Bills (not exceeding 90 days) and bank deposits (excluding TDRs). The risk profile of the fund is high risk.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company and performance ranking of '4-Star' (2021: '3-Star') to the Fund.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.7 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provisional Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under 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.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

- 2.1.1 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 VIII A of the repealed Companies Ordinance, 1984; and
  - the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies, Notified Entities Regulations, 2008, (the NBFC Regulations) and requirements of the Trust Deed.

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

- 2.1.2** The SECP vide SRO 800 (I)/2021 dated June 22, 2021 modified the effective date for applicability of International Financial Reporting Standard 9 - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period / year ending on or after June 30, 2022 (earlier application permitted)". However, as permitted the Fund had already applied the IFRS-9 during the period ended June 30, 2019 with the exception of below mentioned impairment requirements as refer in note 2.1.3 of these financial statements.
- 2.1.3** The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

## **2.2 Accounting convention**

These financial statements are prepared under the historical cost convention except for investments which are carried at fair value.

## **2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand rupees, except otherwise stated.

## **2.4 Use of judgments and estimates**

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the subsequent year is included in the following notes:

- (a) Valuation of investment (Note 3.1.3 & 5);
- (b) Provisions (Note 3.2); and
- (c) Classification and Impairment of financial assets (Note 3.1.2 and 3.1.7).

## **2.5 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS:**

### **New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022**

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

**Effective from accounting period beginning on or after:**

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

**New accounting standards / amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the fund's financial statements other than certain additional disclosures.

**Effective from accounting period beginning on or after:**

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

## 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 consistently applied to all the periods presented in the financial statements.

### 3.1 Financial instruments

The Fund applied IFRS 9 (refer note 2.1.2) except for impairment requirements for which the Fund has continued to follow the requirements of SECP (refer note 2.1.3).

#### 3.1.1 Recognition and initial measurement

The Fund initially recognises regular-way transactions in financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

#### 3.1.2 Classification - Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: This includes cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.
- Other business model: This includes equity and government securities securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

### **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

### **Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

### 3.1.3 Subsequent measurement - Financial assets

#### Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.

#### Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit on bank deposits, mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

#### a) Equity investments

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

#### b) Government securities

Government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

### 3.1.4 Financial liabilities – Classification, subsequent measurement and gains and losses

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognised in income statement.

Financial liabilities are initially classified as measured at amortised cost and also subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income statement. Any gain or loss on derecognition is also recognised in income statement.

### 3.1.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### 3.1.6 Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

### 3.1.7 Impairment of financial assets

The Fund at each reporting date evaluates whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

The SECP through its letter SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and has instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

### 3.1.8 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. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in income statement.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in income statement.

The Fund derecognises a derivative only when it meets the derecognition criteria for both financial assets and financial liabilities. Where the payment or receipt of variation margin represents settlement of a derivative, the derivative, or the settled portion, is derecognised.

### 3.1.9 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.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

### 3.1.10 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

### 3.1.11 Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### 3.2 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.

### 3.3 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.



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.

### 3.4 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load if applicable, is payable to the investment facilitators and 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 represents the net assets value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

### 3.5 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

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 same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

### 3.6 Earnings per unit

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

### 3.7 Net assets value per unit

The net assets value (NAV) per unit, as disclosed on 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.

### 3.8 Income recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as Financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised using the effective yield method.
- Dividend income on equity securities is recognised when the right to receive the dividend is established. For quoted equity securities, this is usually the ex-dividend date.

### 3.9 Distribution

Distributions declared are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed

to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

	Note	2022 ----- (Rupees in '000)	2021 -----
<b>4 BANK BALANCES</b>			
In current accounts		1,424	21,940
In savings accounts	4.1	460,493	638,497
		<u>461,917</u>	<u>660,437</u>

4.1 These accounts carry profit at rates ranging from 6.50% to 17.25% (2021: 3.75% to 9%) per annum.

	Note	2022 ----- (Rupees in '000)	2021 -----
<b>5 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Listed equity securities	5.1	13,322,576	20,290,143
Market Treasury Bills	5.2	-	-
		<u>13,322,576</u>	<u>20,290,143</u>

## 5.1 Investment in listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of Thal Limited, Dynea Pakistan Limited, Shabbir Tiles and Ceramics Limited and Agriauto Industriues Limited which have a face value of Rs.5, K-Electric Limited which have a face of each and Hum Network which have face of Re. 1 each.

Name of the Investee Company	As at 1 July 2021	Purchases during the year	Bonus Shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2022	Market value /carrying value as at 30 June 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	( Number of shares )						(Rupees in '000)	(%)		
<b>Oil and Gas Exploration Company</b>										
Pakistan Oilfields Limited	900,584	124,551	-	-	374,521	650,614	264,026	1.93	1.98	0.23
Pakistan Petroleum Limited	7,841,661	1,599,401	-	-	1,945,565	7,495,497	506,021	3.70	3.80	0.28
Mari Petroleum Company Limited	666,466	3,597	-	-	149,046	521,017	906,434	6.63	6.80	0.39
Oil & Gas Development Company Limited	7,539,489	1,431,500	-	-	2,107,109	6,863,880	539,981	3.95	4.05	0.16
	<u>16,948,200</u>	<u>3,159,049</u>	-	-	<u>4,576,241</u>	<u>15,531,008</u>	<u>2,216,462</u>	<u>16.21</u>	<u>16.63</u>	
<b>Oil and Gas Marketing Company</b>										
Pakistan State Oil Company Limited	2,630,079	152,157	-	-	704,277	2,077,959	357,077	2.61	2.68	0.44
Attock Petroleum Limited	154,970	-	-	-	5,500	149,470	48,026	0.35	0.36	0.15
Hascol Petroleum Limited	4,073	-	-	-	-	4,073	17	-	-	-
Sui Northern Gas Pipelines Limited	342,699	-	-	-	342,699	-	-	-	-	-
	<u>3,131,821</u>	<u>152,157</u>	-	-	<u>1,052,476</u>	<u>2,231,502</u>	<u>405,120</u>	<u>2.96</u>	<u>3.04</u>	
<b>Fertilizer</b>										
Engro Corporation Limited	1,988,401	245,244	-	-	390,217	1,843,428	473,927	3.47	3.56	0.32
Fauji Fertilizer Bin Qasim Company Limited	15,008,345	3,346,000	-	-	5,859,000	12,495,345	252,906	1.85	1.89	0.97
Fauji Fertilizer Company Limited	3,411,052	1,120,133	-	-	1,498,738	3,032,447	334,236	2.45	2.51	0.24
	<u>20,407,798</u>	<u>4,711,377</u>	-	-	<u>7,747,955</u>	<u>17,371,220</u>	<u>1,061,069</u>	<u>7.77</u>	<u>7.96</u>	
<b>Chemical</b>										
Engro Polymer & Chemicals Limited	12,085,474	377,500	-	-	8,354,318	4,108,656	327,172	2.39	2.46	0.45
Dynea Pakistan Limited	19,000	-	-	-	-	19,000	3,305	0.02	0.02	0.10
I.C.I. Pakistan Limited	159,850	-	-	-	27,450	132,400	95,930	0.70	0.72	0.14
Lotte Chemical Pakistan Limited	15,216,500	7,052,000	-	-	16,406,148	5,862,352	138,469	1.01	1.03	0.39
	<u>27,480,824</u>	<u>7,429,500</u>	-	-	<u>24,787,916</u>	<u>10,122,408</u>	<u>564,876</u>	<u>4.12</u>	<u>4.23</u>	

# NBP STOCK FUND



Name of the Investee Company	As at 1 July 2021	Purchases during the year	Bonus Shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2022	Market value /carrying value as at 30 June 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held
	( Number of shares )				(Rupees in '000)		(%)			
<b>Automobile Parts and Accessories</b>										
Agriaautos Industries Limited	7,000	-	-	-	-	7,000	938	0.01	0.01	0.02
Thal Limited*	369,889	300	-	-	76,100	294,089	79,293	0.58	0.60	0.36
Baluchistan Wheels Limited	87,000	-	-	-	-	87,000	6,612	0.05	0.04	0.65
Panther Tyres Limited	3,267,549	532,500	678,510	-	-	4,478,559	145,105	1.06	1.09	2.67
	<b>3,731,438</b>	<b>532,800</b>	<b>678,510</b>	<b>-</b>	<b>76,100</b>	<b>4,866,648</b>	<b>231,948</b>	<b>1.70</b>	<b>1.74</b>	
<b>Cement</b>										
D.G. Khan Cement Company Limited	1,009,101	-	-	-	1,009,101	-	-	-	-	-
Lucky Cement Limited	1,251,741	172,911	-	-	531,661	892,991	409,919	3.00	3.08	0.28
Maple Leaf Cement Factory Limited	3,881,401	4,557,380	-	-	5,542,956	2,895,825	79,201	0.58	0.59	0.26
Attock Cement Pakistan Limited	797,500	1,161,300	-	-	-	1,958,800	130,260	0.95	0.98	1.43
Fecto Cement Limited	243,200	-	-	-	-	243,200	4,772	0.03	0.03	0.48
Fauji Cement Company Limited	16,892,500	5,669,500	-	-	16,145,000	6,417,000	90,929	0.67	0.68	0.47
Kohat Cement Company Limited	4,271,820	1,195,600	-	-	331,500	5,135,920	668,337	4.89	5.02	2.56
Cherat Cement Company Limited	287,700	871,200	-	-	1,158,900	-	-	-	-	-
	<b>28,634,963</b>	<b>13,627,891</b>	<b>-</b>	<b>-</b>	<b>24,719,118</b>	<b>17,543,736</b>	<b>1,383,418</b>	<b>10.12</b>	<b>10.38</b>	
<b>Paper and Board</b>										
Century Paper and Board Mills Limited	1,817,720	-	115,233	-	1,932,953	-	-	-	-	-
Roshan Packages Limited	1,494,500	-	-	-	-	1,494,500	22,208	0.16	0.16	1.05
	<b>3,312,220</b>	<b>-</b>	<b>115,233</b>	<b>-</b>	<b>1,932,953</b>	<b>1,494,500</b>	<b>22,208</b>	<b>0.16</b>	<b>0.16</b>	
<b>Automobile Assembler</b>										
Al-Ghazi Tractors Limited	-	6,000	-	-	-	6,000	2,341	0.02	0.01	0.01
Indus Motor Company Limited	39,180	260	-	-	39,440	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	183,000	218,100	-	-	212,395	188,705	36,747	0.27	0.27	0.13
Millat Tractors Limited	344,362	100	134,198	-	344,845	133,815	116,766	0.85	0.88	0.17
Pak Suzuki Motor Company Limited	193,700	86,200	-	-	279,900	-	-	-	-	-
	<b>760,242</b>	<b>310,660</b>	<b>134,198</b>	<b>-</b>	<b>876,580</b>	<b>328,520</b>	<b>155,854</b>	<b>1.14</b>	<b>1.16</b>	
<b>Pharmaceuticals</b>										
Abbot Laboratories (Pakistan) Limited	115,000	6,450	-	-	34,750	86,700	56,757	0.42	0.43	0.09
AGP Limited	959,000	150,515	-	-	787,481	322,034	28,217	0.21	0.21	0.12
Citi Pharma Limited	-	3,262,033	268,653	-	1,673,500	1,857,186	60,619	0.44	0.46	0.81
GlaxoSmithKline (Pakistan) Limited	169,300	-	-	-	169,300	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Pakistan Limited	15,600	-	-	-	7,000	8,600	2,050	0.01	0.02	0.01
The Searle Company Limited	1,299,839	143,700	377,196	-	534,353	1,286,382	140,241	1.03	1.05	0.41
	<b>2,558,739</b>	<b>3,562,698</b>	<b>645,849</b>	<b>-</b>	<b>3,206,384</b>	<b>3,560,902</b>	<b>287,884</b>	<b>2.11</b>	<b>2.17</b>	
<b>Engineering</b>										
Agha Steel Industries Limited	2,868,500	-	2,750	-	2,871,250	-	-	-	-	-
Aisha Steel Mills Limited	7,290,500	3,205,000	-	-	4,261,831	6,233,669	68,882	0.50	0.52	0.67
Amreli Steels Limited	802,000	-	-	-	802,000	-	-	-	-	-
International Industries Limited	822,400	-	-	-	491,600	330,800	34,314	0.25	0.26	0.25
International Steels Limited	1,397,199	465,066	-	-	1,737,199	125,066	7,424	0.05	0.06	0.03
Mughal Iron and Steel Industries Limited	6,054,370	920,321	923,111	-	649,333	7,248,469	417,802	3.06	3.14	2.16
	<b>19,234,969</b>	<b>4,590,387</b>	<b>925,861</b>	<b>-</b>	<b>10,813,213</b>	<b>13,938,004</b>	<b>528,422</b>	<b>3.86</b>	<b>3.98</b>	
<b>Textile Composite</b>										
Azgard Nine Limited (Non-voting)	806,400	-	-	-	-	806,400	5,645	0.04	0.04	0.16
Crescent Textile Mills Limited	-	40,000	-	-	-	40,000	720	0.01	0.01	0.04
Gul Ahmed Textile Mills Limited	4,304,160	2,382,074	-	-	1,051,127	5,635,107	190,523	1.39	1.43	0.91
Interloop Limited	3,514,201	343,500	111,756	-	1,428,055	2,541,402	155,026	1.13	1.16	0.28
Kohinoor Textile Mills Limited	6,773,519	866,500	-	-	312,000	7,328,019	366,401	2.68	2.75	2.45
Nishat Chunian Limited	4,554,300	200,000	-	-	3,363,056	1,391,244	62,314	0.46	0.47	0.58
Nishat Mills Limited	2,549,700	414,202	-	-	787,784	2,176,118	160,837	1.18	1.21	0.62
	<b>22,502,280</b>	<b>4,246,276</b>	<b>111,756</b>	<b>-</b>	<b>6,942,022</b>	<b>19,918,290</b>	<b>941,466</b>	<b>6.89</b>	<b>7.07</b>	
<b>Food and Personal Care Products</b>										
Al-Shaheer Corporation Limited	23,475	-	-	-	-	23,475	212	-	-	0.01
At-Tahur Limited	-	41,000	4,920	-	41,000	4,920	94	-	-	-
Shezan International Limited	-	5,300	530	-	-	5,830	991	0.01	0.01	0.06
Unity Foods Limited	1,373,000	-	-	-	1,373,000	-	-	-	-	-
	<b>1,396,475</b>	<b>46,300</b>	<b>5,450</b>	<b>-</b>	<b>1,414,000</b>	<b>34,225</b>	<b>1,297</b>	<b>0.01</b>	<b>0.01</b>	
<b>Technology and Communication</b>										
Avanceon Limited	501,554	-	5,389	-	480,000	26,943	2,099	0.02	0.02	0.01
Octopus Digital Limited	-	75,299	-	-	75,299	-	-	-	-	-
Pakistan Telecommunication Company Limited	2,925,000	700,000	-	-	1,272,500	2,352,500	16,373	0.12	0.12	0.06
System Limited	1,561,921	25,895	1,184,246	-	868,635	1,903,427	627,864	4.59	4.71	0.69
	<b>4,988,475</b>	<b>801,194</b>	<b>1,189,635</b>	<b>-</b>	<b>2,696,434</b>	<b>4,282,870</b>	<b>646,336</b>	<b>4.73</b>	<b>4.85</b>	

Name of the Investee Company	As at 1 July 2021	Purchases during the year	Bonus Shares issued during the year	Right shares purchased / subscribed during the year	Sales during the year	As at 30 June 2022	Market value /carrying value as at 30 June 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company held	
	( Number of shares )					(Rupees in '000)	(%)				
<b>Power Generation and Distribution</b>											
Kot Addu Power Company Limited	1,099,500	-	-	-	1,099,500	-	-	-	-	-	
Lalpir Power Limited	5,576,500	-	-	-	70,000	5,506,500	70,208	0.51	0.53	1.45	
Nishat Chunian Power Limited	1,367,000	-	-	-	-	1,367,000	20,382	0.15	0.15	0.37	
Nishat Power Limited	35,000	-	-	-	35,000	-	-	-	-	-	
PAKGEN Power Limited	804,000	-	-	-	100,500	703,500	13,008	0.10	0.10	0.19	
Saif Power Limited	570,000	-	-	-	570,000	-	-	-	-	-	
The Hub Power Company Limited	8,591,708	-	-	-	1,200,433	7,391,275	503,863	3.69	3.78	5.57	
	<b>18,043,708</b>	-	-	-	<b>3,075,433</b>	<b>14,968,275</b>	<b>607,461</b>	<b>4.45</b>	<b>4.56</b>		
<b>Commercial Banks</b>											
Allied Bank Limited	2,337,101	-	-	-	1,507,500	829,601	57,243	0.42	0.43	0.07	
Askari Bank Limited	1,300,000	-	-	-	-	1,300,000	22,659	0.17	0.17	0.10	
Bank Al-Falah Limited	14,407,054	6,665,781	-	-	923,970	20,148,865	644,764	4.72	4.84	1.13	
Bank Al-Habib Limited	9,085,517	1,374,683	-	-	373,931	10,086,269	585,609	4.28	4.40	0.91	
Bank Of Punjab Limited	5,925,500	-	740,688	-	-	6,666,188	36,131	0.26	0.27	0.22	
Faysal Bank Limited	5,746,038	5,065,500	-	-	2,040,500	8,771,038	202,260	1.48	1.52	0.58	
Habib Bank Limited	11,384,529	1,528,402	-	-	1,404,698	11,508,233	1,051,162	7.69	7.89	0.78	
Habib Metropolitan Bank Limited	926,000	1,189,500	-	-	-	2,115,500	82,610	0.60	0.62	0.20	
MCB Bank Limited	731,922	-	-	-	725,461	6,461	795	0.01	0.01	-	
United Bank Limited	7,282,682	1,248,403	-	-	1,490,730	7,040,355	796,475	5.83	5.98	0.58	
	<b>59,126,343</b>	<b>17,072,269</b>	<b>740,688</b>	-	<b>8,466,790</b>	<b>68,472,510</b>	<b>3,479,708</b>	<b>25.46</b>	<b>26.13</b>		
<b>Insurance</b>											
Adamjee Insurance Company Limited	2,375,000	-	-	-	2,018,500	356,500	11,251	0.08	0.08	0.10	
IGI Holdings Limited	321,100	-	-	-	-	321,100	35,562	0.26	0.27	0.23	
TPL Insurance Limited	2,498,500	-	-	-	-	2,498,500	84,239	0.62	0.63	2.13	
	<b>5,194,600</b>	-	-	-	<b>2,018,500</b>	<b>3,176,100</b>	<b>131,112</b>	<b>0.96</b>	<b>0.98</b>		
<b>Exchange Traded Funds</b>											
NBP Pakistan Growth Exchange Traded Fund	<b>4,900,000</b>	-	-	-	-	<b>4,900,000</b>	<b>46,109</b>	<b>0.34</b>	<b>0.35</b>	<b>86.57</b>	
<b>Glass and Ceramics</b>											
Ghani Value Glass Limited	11,625	-	-	-	-	11,625	767	0.01	0.01	0.02	
Shabbir Tiles and Ceramics Limited	9,261,500	1,417,000	-	-	59,500	10,619,000	155,356	1.14	1.17	4.44	
Tariq Glass Industries Limited	4,405,375	48,000	-	-	2,259,462	2,193,893	227,748	1.67	1.71	1.59	
	<b>13,678,500</b>	<b>1,465,000</b>	-	-	<b>2,318,962</b>	<b>12,824,518</b>	<b>383,871</b>	<b>2.82</b>	<b>2.89</b>		
<b>Cable and Electric Goods</b>											
Pak Elektron Limited	<b>3,405,000</b>	<b>941,500</b>	-	-	<b>5,732,680</b>	<b>4,346,500</b>	<b>5,732,680</b>	<b>91,092</b>	<b>0.67</b>	<b>0.68</b>	<b>0.67</b>
<b>Transport</b>											
Pakistan International Bulk Terminal Limited	<b>21,209,000</b>	<b>3,149,000</b>	-	-	<b>1,639,500</b>	<b>22,718,500</b>	<b>136,765</b>	<b>1.00</b>	<b>1.03</b>	<b>1.27</b>	
<b>Leather &amp; Tanneries</b>											
Service GlobalFootwear Limited	<b>252,439</b>	-	-	-	<b>250,000</b>	<b>2,439</b>	<b>98</b>	-	-	-	
<b>Miscellaneous</b>											
Pakistan Aluminium Beverage Cans Limited	-	2,065,374	-	-	2,065,374	-	-	-	-	-	
Tri-Pack Films Limited	-	46,604	-	-	46,604	-	-	-	-	-	
	-	<b>2,111,978</b>	-	-	<b>2,111,978</b>	-	-	-	-	-	
<b>Total - 30 June 2022</b>	<b>280,898,034</b>	<b>67,910,036</b>	<b>4,547,180</b>	<b>5,732,680</b>	<b>115,069,075</b>	<b>244,018,855</b>	<b>13,322,576</b>	<b>97.48</b>	<b>100.00</b>		
Carrying value before fair value adjustment as at 30 June 2022							<b>16,340,686</b>				
Net unrealised appreciation on re-measurement of investments at FVTPL							<b>(3,018,110)</b>				

**5.1.1** Investments include shares with market value of Rs. 176.243 million (30 June 2021: Rs. 232.205 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated 23th October 2007 issued by the Securities and Exchange Commission of Pakistan.

**5.1.2** The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has led a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case.

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

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

Accordingly, the investee companies had withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 8.988 million (30 June 2021: Rs. 9.658 million) and not deposited in CDC account of department of Income Tax.

## 5.2 Market Treasury Bills

Issue date	Tenor	Face Value			As at 30 June 2022	Market value / Carrying value as at 30 June 2022	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2021	Purchases during the year	Sales / matured during the year				
			----- (Rupees in '000) -----			----- (%) -----		
27 August 2020	12 Months	-	120,000	120,000	-	-	-	
25 March 2021	6 Months	-	25,000	25,000	-	-	-	
22 April 2021	6 Months	-	400,000	400,000	-	-	-	
06 May 2021	6 Months	-	80,000	80,000	-	-	-	
20 May 2021	3 Months	-	1,115,000	1,115,000	-	-	-	
20 May 2021	6 Months	-	180,000	180,000	-	-	-	
03 June 2021	3 Months	-	75,000	75,000	-	-	-	
03 June 2021	6 Months	-	280,000	280,000	-	-	-	
02 July 2021	3 Months	-	620,000	620,000	-	-	-	
09 September 2021	6 Months	-	125,000	125,000	-	-	-	
21 October 2021	3 Months	-	550,000	550,000	-	-	-	
04 November 2021	3 Months	-	775,000	775,000	-	-	-	
02 December 2021	3 Months	-	75,000	75,000	-	-	-	
16 December 2021	3 Months	-	50,000	50,000	-	-	-	
30 December 2021	3 Months	-	275,000	275,000	-	-	-	
27 January 2022	3 Months	-	175,000	175,000	-	-	-	
28 April 2022	3 Months	-	50,000	50,000	-	-	-	
<b>Total</b>		<b>-</b>	<b>4,970,000</b>	<b>4,970,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	

## 6 DIVIDEND AND PROFIT RECEIVABLE

	2022	2021
	----- (Rupees in '000) -----	
Dividend receivable	1,664	827
Profit receivable on savings accounts	3,458	663
	<b>5,122</b>	<b>1,490</b>

		2022	2021
	Note	(Rupees in '000)	
<b>7</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENT</b>		
	Advance against IPO	-	149,772
	Advance tax	7.1 4,591	4,591
	Security deposits with:		
	- National Clearing Company of Pakistan Limited	2,500	2,500
	- Central Depository Company of Pakistan Limited	100	100
	Prepaid Mutual Fund Rating fee	146	133
		<b>7,337</b>	<b>157,096</b>

- 7.1 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 and 150. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008- VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on bank deposits as at 30 June 2022 amounted to Rs. 4.591 million (2021: Rs. 4.591 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 Honourable High Court of Sindh (HCS) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by HCS in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court (HSC) through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the HSC by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the HSC granted the petitioners leave to appeal from the initial judgement of HCS. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as Advance tax as at 30 June 2022 as in the opinion of the management, the amount of tax deducted at source will be refunded.

		2022	2021
	Note	(Rupees in '000)	
<b>8</b>	<b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
	Management remuneration	8.1 28,514	26,273
	Sindh Sales Tax on management remuneration	8.2 3,705	3,413
	Sales load and others	670	1,027
	Reimbursement of Selling and marketing expenses	8.3 58,464	101,170
	Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4 7,544	7,588
	ADC charges including Sindh Sales Tax	50	36
		<b>98,947</b>	<b>139,507</b>

- 8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration as follows:

- From 12 July 2019 to 1 February 2022, at the rate of 1.5% of the average annual net assets of the Fund.

- From 2 February 2022 to 30 April 2022, at the rate of 2.0% of the average annual net assets of the Fund.
- From 1 May 2022 to 30 June 2022, at the rate of 2.5% of the average annual net assets of the Fund.

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

**8.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the year, Sindh Sales Tax at the rate of 13% (30 June 2021: 13%) was charged on management remuneration and sales load.

**8.3** 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 of the average annual net assets of the Fund during the year:

Period	Rate per annum
1 July 2021 to 19 September 2021	2% of net assets or actual expenses whichever is lower.
20 September 2021 to 01 February 2022	2.05% of net assets or actual expenses whichever is lower.
02 February 2022 to 30 June 2022	1.55% of net assets or actual expenses whichever is lower.

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

- From 1 July 2021 to 25 July 2021, at the rate of 0.15% of the average annual net assets of the Fund.
- From 26 July 2021 to 30 June 2022, at the rate of 0.20% of the average annual net assets of the Fund.

	Note	2022 (Rupees in '000)	2021
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE</b>			
Trustee remuneration	9.1	1,226	1,838
Sindh Sales Tax on Trustee remuneration	9.2	159	239
		<u>1,385</u>	<u>2,077</u>

**9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund as stated below under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund:

Description	Tariff per annum
Upto Rs. 1 billion	0.20% per annum of net assets
On an amount exceeding Rs. 1 billion	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1 billion

The remuneration is paid to the Trustee monthly in arrears.

**9.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2021: 13%) was charged on trustee remuneration.

## 10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP at an amount equal to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears.

	Note	2022 (Rupees in '000)	2021
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	11.1	-	210,624
Federal Excise Duty on management remuneration	11.2	<b>32,183</b>	32,183
Federal Excise Duty on sales load		<b>3,904</b>	3,904
Brokerage fee		<b>671</b>	3,431
Auditors' remuneration		<b>582</b>	615
Settlement charges		<b>164</b>	109
Withholding tax		<b>517</b>	11,181
Printing charges		<b>73</b>	63
Capital gain tax		<b>600</b>	18,626
Bank charges		<b>46</b>	26
Professional charges		<b>141</b>	141
Time barred cheques		<b>917</b>	917
Others		<b>1,216</b>	1,216
		<b>41,014</b>	283,036

**11.1** SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

**11.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honourable Sindh High Court (SHC) on 4 September 2013.

The Honourable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honourable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 32.713 million out of which Rs. 0.530 million have been paid to the Management Company (30 June 2021: Rs. 32.713 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.0325 (30 June 2021: Re. 0.0254) per unit.



## 12 CONTINGENCY AND COMMITMENT

There is no contingency and commitment outstanding as at 30 June 2022 (2021: Nil), except as disclosed elsewhere.

## 13 NUMBER OF UNITS IN ISSUE

	2022	2021
	(Number of units)	
Total units in issue at beginning of the year	1,289,877,976	1,144,834,476
Add: units issued against		
- Sale	382,985,440	1,084,104,297
- Refund of capital at zero value	-	5,302,938
	382,985,440	1,089,407,235
Less: Units redeemed	(682,215,260)	(944,363,735)
Total units in issue at end of the year	990,648,156	1,289,877,976

## 14 AUDITORS' REMUNERATION

	2022	2021
	----- (Rupees in '000) -----	
Statutory audit fee	440	440
Half year review fee	180	180
Out of pocket expenses and others including government levy	190	234
	810	854

## 15 TAXATION

The Fund's income is exempt from Income Tax as per 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. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. During the year ended 30 June 2022, the Fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2022.

## 16 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 4.28% (2021: 4.54%) per annum. Total expense ratio (excluding government levies) is 4.02% (2021: 3.75%) per annum.

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

### Assets

As at 30 June 2022		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
Bank balances	-	461,917
Investments	13,322,576	-
Dividend and profit receivable	-	5,122
Receivable against sale of investments	-	18,968
Receivable from funds under management by Management Company against conversion of units	-	1,349
Deposits	-	2,600
<b>13,322,576</b>	<b>489,956</b>	<b>13,812,532</b>

### Liabilities

As at 30 June 2022		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
Payable to NBP Fund Management Limited - Management Company	-	98,947
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,385
Payable against redemption / conversion of units	-	4,660
Accrued expenses and other liabilities	-	3,810
Net assets attributable to unitholder	-	13,667,616
<b>-</b>	<b>13,776,418</b>	<b>13,776,418</b>

### Assets

As at 30 June 2021		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
Bank balances	-	660,437
Investments	20,290,143	-
Dividend and profit receivable	-	1,490
Receivable against sale of investments	-	10,477
Receivables from funds under management by Management Company against conversion of units	-	12,989
Advances and deposits	-	152,372
<b>20,290,143</b>	<b>837,765</b>	<b>21,127,908</b>

### Liabilities

As at 30 June 2021		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
Payable to NBP Fund Management Limited - Management Company	-	139,507
Payable to Central Depository Company of Pakistan Limited - Trustee	-	2,077
Payable against redemption / conversion of units	-	10,507
Accrued expenses and other liabilities	-	6,518
Net assets attributable to unitholder	-	20,693,873
<b>-</b>	<b>20,852,482</b>	<b>20,852,482</b>

## 18 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

**18.1** Connected persons include NBP Fund Management Limited being the Management Company (NAFA), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP), and its connected persons, and Baltoro Growth Fund being the sponsors and NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, 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 and unit holders holding ten percent or more units of the Fund.

**18.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.

**18.3** Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

**18.4** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

**18.5** Details of transactions with connected persons are as follows:

	2022	2021
	(Rupees in '000)	
<b>NBP Fund Management Limited - Management Company</b>		
Issue of 21,159,420 units (2021: 6,211,805 units)	319,249	100,000
Redemption of 16,370,854 units (2021: 3,522,533 units)	241,407	57,000
Dividend reinvest: Nil units (2021: 34,924 units)	-	571
Remuneration of NBP Fund Management Limited - Management Company	317,112	271,833
Sindh Sales Tax on remuneration to Management Company	41,225	35,336
Reimbursement of Selling and marketing expenses	339,170	332,418
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	35,741	24,597
Sales load and others	3,533	12,868
ADC charges including Sindh Sales Tax	32	80
<b>Employees of the Management Company</b>		
Issue of 5,113,559 units (2021: 14,822,766 units)	79,797	223,812
Redemption of 5,993,101 units (2021: 15,039,673 units)	93,210	227,712
Dividend reinvest: Nil units (2021: 6,561 units)	-	107
<b>National Fullerton Asset Management Ltd- Emp. Provident Fund - Retirement benefit fund of Management Company</b>		
Issue of 402,057 units (2021: 1,597,728 units)	6,484	25,377
Redemption of 395,559 units (2021: 1,110,508 units)	6,217	18,043
<b>NBP Employees Pension Fund - Retirement benefit fund of Parent Company</b>		
Dividend reinvest: Nil units (2021: 858,169 units units)	-	14,024
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Issue of 8,229,511 units (2021: Nil units)	124,898	-
Remuneration of the Trustee	19,236	19,162
Sindh Sales Tax on remuneration to Trustee	2,501	2,491
CDS Charges	516	821

	2022	2021
	(Rupees in '000)	
<b>Mr. Khalid Mehmood - Chief Financial Officer</b>		
Issue of 1,175 units (2021: 204,790 units)	19	3,023
Redemption of 170,173 units (2021: 129,382 units)	2,669	2,104
Dividend reinvest: Nil units (2021: 671)	-	11
<b>Mr. Amjad Waheed - Chief Executive Officer</b>		
Issue of 429,064 units (2021: 5,306 units)	7,001	75
Redemption of 585,843 units (2021: 20,216 units)	8,638	271
Dividend reinvest nil units (2021: 1,805)	-	29
<b>Mr. Humayun Bashir - Director</b>		
Issue of 3,010,594 units (2021: 5,357,431 units)	46,193	82,750
Redemption of 5,015,499 units (2021: 4,559,903 units)	76,000	70,473
Dividend reinvest: nil units (2021: 2,785)	-	46
<b>Pakistan Stock Exchange Limited - Common directorship</b>		
Listing fee paid	-	25
<b>National Clearing Company of Pakistan Limited - Common directorship</b>		
NCCPL charges	1,175	1,072
Issue of 873,220 units (2021: 7,130,112 units)	13,382	115,491
Redemption of 4,009,935 units (2021: 4,843,510 units)	63,159	81,198
<b>International Steel Limited - Common directorship</b>		
465,066 shares purchased (2021: 1,828,499 shares)	42,213	154,596
1,737,199 shares sold (2021: 3,014,000 shares)	127,836	216,400
Dividend received	12,160	1,063
<b>Gul Ahmed Textile Mills Limited - Common directorship</b>		
2,382,074 shares purchased (2021: 613,000 shares)	117,631	21,002
Bonus shares received Nil (2021: 717,360)	-	-
1,051,127 shares sold (2021: 5,415,000 shares)	53,605	204,339
Dividend received	-	3,587
<b>Fauji Fertilizer Company Limited - Common directorship</b>		
1,120,133 shares purchased (2021: 825,000 shares)	115,110	92,604
1,498,738 shares sold (2021: 1,656,648 shares)	157,259	178,021
Dividend received	51,962	47,756
<b>* The Hub Power Company Limited - Common directorship</b>		
Nil shares purchased (2021 : 696,000 shares)	-	55,148
Nil shares sold (2021 : 1,649,403 shares)	-	135,802
Dividend received	-	61,544
<b>NBP Pakistan Growth Exchange Traded Fund - Fund under Management Company</b>		
Nil units purchased (2021: 4,900,000 units)	-	49,388
Dividend received	-	3,920

	2022	2021
	(Rupees in '000)	
<b>Bank Islami Pakistan Limited - Common directorship</b>		
Mark-up on bank balance	38	77
<b>Khushali Bank Limited - Common directorship</b>		
Mark-up on bank balance	2,086	27
<b>Telenor Microfinance Bank Limited - Common directorship</b>		
Mark-up on bank balance	-	27
<b>Taurus Securities Limited - Common directorship</b>		
Brokerage charges	1,461	1,811
<b>Mr. Haider Amjad - Shareholder of Management Company</b>		
Issue of 149,196 units (2021: 299,093 units)	2,304	4,575
Redemption of 191,631 units (2021: 404,335 units)	3,027	6,235
Dividend reinvest: Nil units (2021: 151 )	-	2
<b>Ms. Rohma Amjad - Shareholder of Management Company</b>		
Issue of 135 units (2021: 404 units)	2	6
Redemption of Nil units (2021: 39,707 units)	-	617
Dividend reinvest: Nil units (2021: 8 units)	-	-
<b>Portfolios managed by the Management Company</b>		
Issue of 22,577,500 units (2021: 26,773,332 units)	358,826	409,513
Redemption of 19,385,018 units (2021: 47,587,644 units)	305,509	698,174
Dividend reinvest: Nil units (2021: 137,124 units)	-	2,241
<b>Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund</b>		
<b>Sindh Province Pension Fund</b>		
Dividend reinvest Nil units (2021: 2,043,239 units)	-	33,391
<b>** CDC Trustee - Punjab Pension Fund Trust</b>		
Issue of 18,136,316 units (2021: Nil)	291,800	-
<b>18.6 Balances at year end</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Units held: 11,483,947 units (2021: 6,695,381 units)	158,440	107,416
Management remuneration payable	28,514	26,273
Sindh Sales tax payable	3,705	3,413
Sales load payable	670	1,027
Reimbursement of Selling and marketing expenses	58,464	101,170
Allocation of expenses related to registrar services, accounting, operation and valuation services	7,544	7,588
ADC charges including Sindh Sales Tax	50	36

	2022	2021
	(Rupees in '000)	
<b>National Bank of Pakistan - Parent of management company</b>		
Units held: 31,347,445 units (2020: 31,347,445 units)	432,488	502,916
Bank Balance	1,562	1,470
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Units held: 8,229,511 units (2021: Nil units)	113,539	-
Remuneration Payable	1,226	1,838
Sindh Sales Tax on Trustee remuneration	159	239
CDS charges	95	45
Security deposit	100	100
<b>National Clearing Company Of Pakistan Limited - Common Directorship</b>		
Units held: 1,730,126 units (2021: 4,866,840 units)	23,870	78,080
NCCPL charges payable	69	64
Security deposit	2,500	2,500
<b>Employees of the Management Company</b>		
Units held: 268,695 units (2021: 1,457,451 units)	3,707	23,382
<b>National Fullerton Asset Management Ltd- Emp. Provident Fund - Retirement benefit fund of Management Company</b>		
Units held: 646,837 units (2021: 640,339 units)	8,924	10,273
<b>Dr. Amjad Waheed - Chief Executive Officer</b>		
Units held: 2,757 units (2021: 159,536 units)	38	2,559
<b>Mr. Khalid Mehmood - Chief Financial Officer</b>		
Units held: 205 units (2021: 169,203 units)	3	2,715
<b>Mr. Humayun Bashir - Director</b>		
Units held: 158,352 units (2021: 2,163,257 units)	2,185	34,706
<b>Mr. Haider Amjad - Shareholder of Management Company</b>		
Units held: 7,716 units (2021: 50,152 units)	106	805
<b>Ms. Rohma Amjad - Shareholder of Management Company</b>		
Units held: 1,063 units (2021: 927 units)	15	15
<b>NBP Employees Pension Fund - Retirement benefit fund of Parent Company</b>		
Units held: 63,579,353 (2021: 63,579,353 units)	877,179	1,020,023
<b>Gul Ahmed Textile Mills Limited - Common directorship</b>		
Shares held: 5,635,507 units (2021: 4,304,160 shares)	190,523	218,350

	2022	2021
	(Rupees in '000)	
<b>Fauji Fertilizer Company Limited - Common directorship</b>		
Shares held: 3,032,447 units (2021: 3,411,052 shares)	<b>334,236</b>	361,913
<b>* The Hub Power Company Limited - Common directorship</b>		
Shares held: Nil (2021: 8,591,708 shares)	-	684,501
<b>International Steels Limited - Common directorship</b>		
Shares held: 125,066 (2021: 1,397,199 shares)	<b>7,424</b>	130,512
<b>NBP Pakistan Growth Exchange Traded Fund - Fund under Management Company</b>		
Units held: 4,900,000 (2021: 4,900,000 units)	<b>46,109</b>	<b>54,194</b>
<b>Taurus Securities Limited - Subsidiary of parent company</b>		
Brokerage payable	<b>6</b>	162
<b>Khushali Bank Limited - Common directorship **</b>		
Bank balance	<b>223</b>	12
Profit receivable on bank balance	<b>4</b>	1
<b>Telenor Microfinance Bank Limited - Common directorship **</b>		
Bank balance	<b>10</b>	9
Profit receivable on bank balance	<b>1</b>	2
<b>Bank Islami Pakistan Limited - Common directorship</b>		
Bank balance	<b>1,759</b>	4,511
Profit receivable on bank balance	<b>7</b>	1
<b>Portfolios managed by the Management Company</b>		
Units held: 12,812,690 units (2021: 14,836,381 units)	<b>176,771</b>	238,025
<b>Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund</b>		
<b>** Sindh General Provident Investment Fund</b>		
Units held: 107,795,360 Unit (2021: Nil units)	<b>1,487,209</b>	-
<b>** CDC Trustee - Punjab Pension Fund Trust</b>		
Units held: 128,617,380 Unit (2021: Nil units)	<b>1,774,483</b>	-
<b>Sindh Province Pension Fund</b>		
Units held: 151,377,843 Unit (2021: 151,377,843 units)	<b>2,088,500</b>	2,428,600

\* Current balances with these parties have not been disclosed as they did not remain connected persons and related parties as at the year end.

\*\* Comparative balances with these parties have not been disclosed as these parties were not related parties in the prior year.

## 19 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	34
2	Mr. Asim Wahab Khan	CFA	16
3	Mr. Salman Ahmed	CFA	17
4	Mr. Hassan Raza	ACCA, BSC and CFA	11
5	Mr. Usama Bin Razi	BE and MBA	18

19.1 Mr. Asim Wahab Khan is the Fund Manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NBP Financial Sector Fund
- NBP Islamic Stock Fund
- NBP Islamic Energy Fund
- NBP Pakistan Growth Exchange Traded Fund
- NBP Sarmaya Izafa Fund
- NBP Islamic Sarmaya Izafa Fund
- NBP Islamic Regular Income Fund
- NBP Balanced Fund
- NBP Islamic Active Allocation Equity Fund
- NAFA Pension Fund
- NAFA Islamic Pension Fund
- NAFA Islamic Active Allocation Fund - I
- NAFA Islamic Active Allocation Fund - II
- NAFA Islamic Active Allocation Fund - III

## 20 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID/ PAYABLE

List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2022:

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	8.19
2	Arif Habib Securities Limited	5.63
3	Optimus Capital Management Limited	4.29
4	Intermarket Securities	4.23
5	Alfalah Securities (Private) Limited	4.13
6	Insight Securities (Private) Limited	4.12
7	BMA Capital Management Limited	4.08
8	Topline Securities Limited	4.08
9	EFG Hermes Pakistan Limited	4.00
10	Foundation Securities	3.97



List of brokers / dealers by percentage of commission paid / payable during the year ended 30 June 2021:

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	6.20
2	J.S. Global Capital Limited	5.05
3	Arif Habib Securities Limited	4.57
4	Foundation Securities	4.50
5	BMA Capital Management Limited	4.43
6	Optimus Capital Management Limited	4.21
7	Intermarket Securities	4.09
8	Alfalah Securities (Private) Limited	4.08
9	Topline Securities Limited	4.07
10	EFG Hermes Pakistan Limited	4.05

As at 30 June 2022

## 21 PATTERN OF UNIT HOLDING

### Category

	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	2,476	2,918,449	21.35
Associated Companies and Directors	7	1,479,258	10.82
Insurance Companies	5	154,631	1.13
Bank and DFIs	3	162,127	1.19
NBFCs	1	85,927	0.63
Retirement Funds	65	7,442,036	54.45
Public Limited Companies	5	311,470	2.28
Others	44	1,113,718	8.15
	<b>2,606</b>	<b>13,667,616</b>	<b>100.00</b>

As at 30 June 2021

### Category

	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	2,882	6,261,533	30.26
Associated Companies and Directors	6	1,677,894	8.11
Banks / DFIs	3	188,528	0.91
Insurance companies	9	1,064,200	5.14
Retirement funds	74	8,828,933	42.67
Public limited companies	5	364,584	1.76
NBFC	-	-	-
Others	58	2,308,201	11.15
	<b>3,037</b>	<b>20,693,873</b>	<b>100.00</b>

## 22 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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 Director	Number of Meetings			
	Held during tenure of directorship	Attended	Leave granted	Meetings not attended
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	
Tauqeer Mazhar	4	4	-	
Mehnaz Salar	5	5	-	
Ali Saigol	5	5	-	
Imran Zaffar	5	4	1	85th BOD
Khalid Mansoor	5	4	1	82nd BOD
Saad Amanullah Khan	5	5	-	
Humayun Bashir	5	5	-	
Amjad Waheed	5	5	-	

- 22.1 Syed Hasan Irtiza Kazmi resigned from the Board with effect from June 25, 2021 and Mr. Tauqeer Mazhar opted as Director on the Board with effect from August 04, 2021.

## 23 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, Offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of listed equity securities and government securities. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

### 23.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

## 23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

## 23.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

	Note	2022 (Rupees in '000)	2021
<b>Variable rate instruments</b>			
Bank balances	4	<u>460,493</u>	<u>638,497</u>

### a) Sensitivity analysis for variable rate instruments

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 4.61 million (2021: 6.38 million).

### b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on the settlement date.

As at 30 June 2022					
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial Assets</b>					
Bank balances	6.50% - 17.25%	460,493	-	1,424	461,917
Investments	-	-	-	13,322,576	13,322,576
Dividend and profit receivable	-	-	-	5,122	5,122
Receivable against sale of investments	-	-	-	18,968	18,968
Receivable from funds under management by Management Company against conversion of units	-	-	-	1,349	1,349
Deposits	-	-	-	2,600	2,600
		<u>460,493</u>	<u>-</u>	<u>13,812,532</u>	<u>13,812,532</u>
<b>Financial Liabilities</b>					
Payable to NBP Fund Management Limited - Management Company	-	-	-	98,947	98,947
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	1,385	1,385
Payable against redemption / conversion of units	-	-	-	4,660	4,660
Accrued expenses and other liabilities	-	-	-	3,810	3,810
Net assets attributable to unitholder	-	-	-	13,667,616	13,667,616
		<u>-</u>	<u>-</u>	<u>13,776,418</u>	<u>13,776,418</u>
<b>On-balance sheet gap</b>		<u>460,493</u>	<u>-</u>	<u>36,114</u>	<u>36,114</u>
<b>Off-balance sheet financial instruments</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Off-balance sheet gap</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap</b>		<u>460,493</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cumulative interest rate sensitivity gap</b>		<u>460,493</u>	<u>460,493</u>	<u>460,493</u>	<u>460,493</u>

Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total	
	Upto three months	Over three months and upto one year	Over one year			
	(Rupees in '000)					
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	3.75% - 9%	638,497	-	-	21,940	660,437
Investments		-	-	-	20,290,143	20,290,143
Dividend and profit receivable		-	-	-	1,490	1,490
Receivable against sale of investments		-	-	-	10,477	10,477
Receivables from funds under management by Management Company against conversion of units		-	-	-	12,989	12,989
Advances and deposits		-	-	-	152,372	152,372
		<u>638,497</u>	<u>-</u>	<u>-</u>	<u>20,489,411</u>	<u>21,127,908</u>
<b>Financial Liabilities</b>						
Payable to NBP Fund Management Limited - Management Company		-	-	-	139,507	139,507
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,077	2,077
Payable against redemption of units		-	-	-	10,507	10,507
Accrued expenses and other liabilities		-	-	-	6,518	6,518
Net assets attributable to unitholder		-	-	-	20,693,873	20,693,873
		<u>-</u>	<u>-</u>	<u>-</u>	<u>20,852,482</u>	<u>20,852,482</u>
On-balance sheet gap		<u>638,497</u>	<u>-</u>	<u>-</u>	<u>(363,071)</u>	<u>275,426</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap		<u>638,497</u>	<u>-</u>	<u>-</u>		
Cumulative interest rate sensitivity gap		<u>638,497</u>	<u>638,497</u>	<u>638,497</u>		

### 23.1.3 Other 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 instrument traded in the market.

The fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities at fair value through profit or loss.

The Fund manages the risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund or weight of that company in KSE 30 index, whichever is higher, with overall limit of 25% to a single industry sector of the net assets of the Fund or weight of that sector in KSE 30 index, whichever is higher (the limit set by offering documents). The Fund also manages its exposure to price risk by diversifying its portfolio within the eligible stocks prescribed in the constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 5% increase / decrease in KSE 30 index on 30 June 2022, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 683 million (2021: Rs. 1,015 million) as a result of gains / (losses) on equity securities classified at fair value through profit

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 30 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 30 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 30 index.

## 23.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Market Treasury Bills is limited as Market Treasury Bill are guaranteed by the Federal Government. While bank balances are maintained with banks with a reasonably high credit rating except as disclosed below.

The analysis below summarises the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2022 and 30 June 2021.

<b>Balances with banks</b>	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
<b>AAA</b>	16,866	6,954
<b>AA+</b>	431,708	605,789
<b>AA-</b>	10,563	13,022
<b>AA</b>	10	40
<b>A+</b>	1,769	4,542
<b>A-</b>	223	57
<b>A</b>	76	9,506
<b>A1+</b>	692	-
<b>Suspended</b>	11	20,527
	461,917	660,437

The maximum exposure to credit risk before any credit enhancement as at 30 June 2022 is the carrying amount of the financial assets.

### Concentration of the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

## 23.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

### Management of liquidity risk

The Fund is exposed to daily cash redemptions at the option of 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, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to ten percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current year, no borrowing was obtained by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to 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 significant redemptions during the year.

## Maturity analysis for financial liabilities

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	30 June 2022			
	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	98,947	98,947	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,385	1,385	-	-
Payable against redemption / conversion of units	4,660	4,660	-	-
Accrued expenses and other liabilities	3,810	3,810	-	-
Net assets attributable to unitholder	13,667,616	-	-	-
	<b>13,776,418</b>	<b>108,802</b>	-	-
Net assets attributable to redeemable units	<b>13,667,616</b>	<b>13,667,616</b>	-	-

	30 June 2021			
	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	139,507	139,507	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	2,077	2,077	-	-
Payable against redemption of units	10,507	10,507	-	-
Accrued expenses and other liabilities	6,518	6,518	-	-
Net assets attributable to unitholder	20,693,873	-	-	-
	<b>20,852,482</b>	<b>158,609</b>	-	-

## 24 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		30 June 2022					
		Carrying value		Fair value			
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3
Note		----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
		13,322,576	-	13,322,576	13,322,576	-	-
<b>Financial assets not measured at fair value</b>							
	24.1	-	461,917	461,917			
		-	5,122	5,122			
		-	18,968	18,968			
		-	1,349	1,349			
		-	2,600	2,600			
		<b>13,322,576</b>	<b>489,956</b>	<b>13,812,532</b>			
<b>Financial liabilities not measured at fair value</b>							
	24.1	-	98,947	98,947			
		-	1,385	1,385			
		-	4,660	4,660			
		-	3,810	3,810			
		-	<b>13,667,616</b>	<b>13,667,616</b>			
		-	<b>13,776,418</b>	<b>13,776,418</b>			

		30 June 2021					
		Carrying value		Fair value			
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3
Note -----		(Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
	Investment - Listed equity securities	20,290,143	-	20,290,143	20,290,143	-	-
<b>Financial assets not measured at fair value</b> 24.1							
	Bank balances	-	660,437	660,437			
	Dividend and profit receivable	-	1,490	1,490			
	Receivable against sale of investments		10,477	10,477			
	Receivables from funds under management by Management Company against conversion of units		12,989	12,989			
	Advances and deposits	-	152,372	152,372			
		20,290,143	837,765	21,127,908			
<b>Financial liabilities not measured at fair value</b> 24.1							
	Payable to NBP Fund Management Limited - Management Company	-	139,507	139,507			
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	2,077	2,077			
	Payable against redemption / conversion of units		10,507	10,507			
	Accrued expenses and other liabilities	-	6,518	6,518			
	Net assets attributable to unitholder	-	-	20,693,873			
		-	158,609	20,852,482			

**24.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**24.2** Financial instruments not measured at FVTPL include Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

## 25 UNIT HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units 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 restrictions on the subscription and redemption of units.



As at 30 June 2022, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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 unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies stated in note 23, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## 26 DATE OF AUTHORISATION FOR ISSUE

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

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')	13,667,616	20,693,873	13,701,619	11,895,259	14,983,940	16,857,752
Net Income (Rs. '000')	(2,370,780)	4,980,935	(384,270)	(2,848,721)	(1,778,166)	4,393,179
Net Asset Value per units (Rs.)	13.7966	16.0433	11.9682	11.9914	14.6226	16.2138
Selling price per unit	14.2643	16.5872	12.3739	12.3984	15.1183	16.7634
Redemption price per unit	13.7966	16.0433	11.9682	11.9914	14.6226	16.2138
Ex - Highest offer price per unit (Rs.)	17.2401	17.1938	15.5428	15.6580	16.9385	20.4640
Ex - Lowest offer price per unit (Rs.)	14.0729	12.3803	9.6808	12.2789	13.6426	13.9073
Ex - Highest redemption price per unit (Rs.)	16.6748	16.6301	15.0332	15.1446	16.3831	18.1550
Ex - Lowest redemption price per unit (Rs.)	13.6115	11.9744	9.3634	11.8751	13.1953	12.2155
Fiscal Year Opening Ex Nav	16.0433	11.8071	11.9914	14.6226	16.2017	12.1236
Total return of the fund	-14.00%	35.88%	-0.19%	-17.99%	-9.75%	33.74%
Capital growth	-14.00%	34.51%	-0.19%	-17.99%	-9.75%	21.70%
Income distribution as % of Ex-NAV	-	1.36%	0.00%	0.00%	0.00%	12.04%
Income distribution as % of Par Value	-	2.24%	0.00%	0.00%	0.00%	14.60%
<b>Distribution</b>						
Interim Distribution per unit	-	0.2236	-	-	-	1.4599
Final distribution per unit	-	-	-	-	-	0.0110
Distribution dates						
Interim	-	23-Jun-21				19-Jun-16
Interim						-
Interim						-
Final						15-Sep-16
Average annual return (launch date January 19, 2007)						
(Since inception to June 30, 2022)	11.17%					
(Since inception to June 30, 2021)		13.16%				
(Since inception to June 30, 2020)			11.63%			
(Since inception to June 30, 2019)				12.64%		
(Since inception to June 30, 2018)					15.81%	
(Since inception to June 30, 2017)						18.61%
Portfolio Composition (see Fund Manager report)						

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

## PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Stock Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. [www.nbpfund.com](http://www.nbpfund.com). A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

NBP Stock Fund				
	Resolutions	For	Against	Abstain*
<b>Number</b>	17	17	Nil	N/A
<b>(%)</b>	100%	100%	-	-

## Head Office

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