

# NBP BALANCED 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."

## Contents

<b>FUND'S INFORMATION</b>	<b>03</b>
<b>DIRECTORS' REPORT</b>	<b>07</b>
<b>TRUSTEE REPORT TO THE UNIT HOLDERS</b>	<b>13</b>
<b>FUND MANAGER REPORT</b>	<b>14</b>
<b>INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS</b>	<b>17</b>
<b>STATEMENT OF ASSETS AND LIABILITIES</b>	<b>20</b>
<b>INCOME STATEMENT</b>	<b>21</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>22</b>
<b>STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND</b>	<b>23</b>
<b>CASH FLOW STATEMENT</b>	<b>24</b>
<b>NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS</b>	<b>25</b>
<b>PERFORMANCE TABLE</b>	<b>57</b>
<b>PROXY ISSUED BY THE FUND</b>	<b>58</b>

## 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 Shahra-e-Faisal, Karachi.

### Bankers to the Fund

Allied Bank Limited	MCB Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan
Bank Al Habib Limited	Zarai Taraqati Bank Limited
Bank Islami Pakistan Limited	Dubai Islamic Bank Limited
Faysal Bank Limited	Soneri Bank Limited
Habib Bank Limited	Summit Bank Limited
Habib Metropolitan Bank Limited	United Bank Limited
JS Bank Limited	

# NBP BALANCED FUND



## **Auditors**

Grant Thornton Anjum Rahman.  
1st & 3rd Floor,  
Modern Motors House, Beaumont Road,  
Karachi, 75530

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

## Board of Directors



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



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Humayun Bashir**  
Director



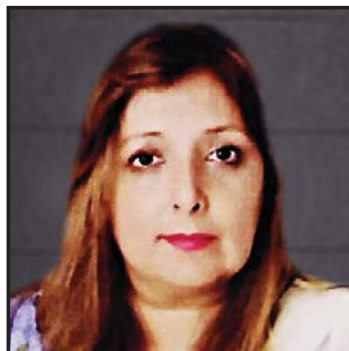
**Mr. Tauqeer Mazhar**  
Director



**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 Mehmoody**  
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 Balanced Fund** (NBF) 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.

The trading activity in corporate debt securities remained sluggish as the cumulative traded value stood at Rs. 10.2 billion. However, market witnessed fresh issuance of TFCs and Sukuks in the Power & Distribution and Banking sectors.

During FY22, State Bank of Pakistan (SBP) held eight (8) monetary Policy Meetings and increased the discount rate from 8% to 14.75% - to counter inflationary pressures, ensure economic sustainability and safeguard external & price stability; owing to significant domestic political noise and global uncertainty. During the second half, global economic conditions deteriorated due to Russia-Ukraine conflict and burgeoning commodity prices, which pushed all the central banks across the world to confront multi-year high inflation and challenging outlook. Domestically, the inflation trajectory also remained on an uptrend due to i) sharp spike in prices of food component, ii) continued pressure on the Rupee, iii) increase in utility tariffs, and iv) reversal of fuel subsidies. Inflation as measured by CPI clocked in at 21.3% in June-22 as against 9.7% during corresponding month last year. Gross foreign exchange reserves with SBP also shrunk to USD 9.8 billion at June-22 end compared to USD 17.23 billion a year ago. The outlook for inflation has deteriorated and risks to external stability have risen, with further rate hikes likely in the initial half of the upcoming year.

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

During the fiscal year, NBP Balanced Fund decreased by 6.3% versus the Benchmark decreased by 2.9% translating into an underperformance of 3.4% during the year. NBF underperformed during the year 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, Technology & Communication, Commercial Banks, and Refinery Companies, sectors that outperformed the market. Since its launch (January 19, 2007), the Fund has risen by 424.4%, versus the benchmark return of 227.2%, thus to date outperformance is 197.2%. This outperformance is net of management fee and all other expenses. The Fund size is 819 million as of June 30, 2022.

NBP Balanced Fund has incurred a loss of Rs. 21.99 million during the year. After deducting total expenses of Rs. 50.38

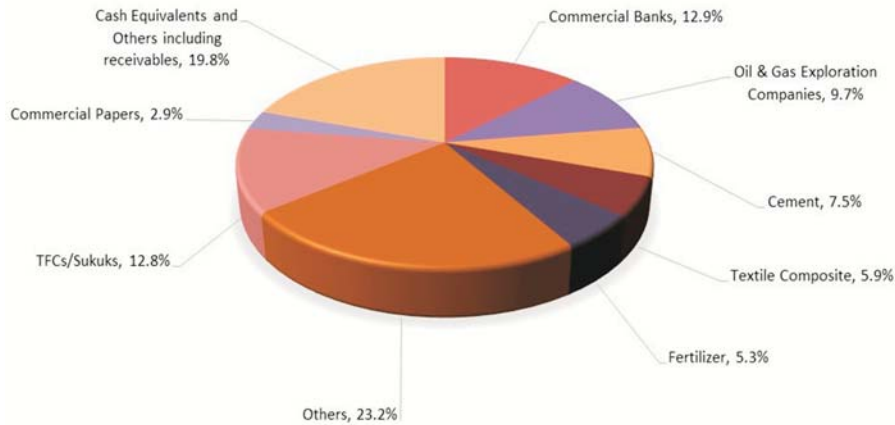


# NBP BALANCED FUND



million, the total loss is Rs. 72.37 million. During the year, the unit price of NBP Balanced Fund has decreased from Rs. 19.3595 (Ex-Div) on June 30, 2021 to Rs. 18.1367 on June 30, 2022. The resultant per unit loss is Rs.1.2228 i.e. (6.3%).

The asset allocation of NBP Balanced 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)

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by NBP BALANCED FUND amounting to Rs. 19.93 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 BALANCED FUND by 1.24% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## Auditors

The present auditors, Messrs Grant Thornton Anjum Rahman & Co., Chartered Accountants, retire 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 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 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 19 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, 2021, the Board included:

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

## Acknowledgement

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

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

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

**Chief Executive Officer**

**Director**

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

## ڈائریکٹرز رپورٹ

NBP فنڈ میجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP بیلنسڈ فنڈ کی سولویس سالانہ رپورٹ برائے مختتمہ سال 30 جون 2022ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

مالی سال 2022 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 2021 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۔

لنڈ کپنیوں کے مستحکم کارپوریٹ منافع کے باوجود ایکویٹی مارکیٹ کی کارکردگی ناقص رہی، جو کہ مالی سال 2022 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 2022 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 2022 میں اوسط تقریباً 12.2 فیصد سے جون 2022 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 2022 میں مجموعی طور پر پالیسی کی ضرورت پڑی جس کے نتیجے میں بڑے 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 امریکہ مارکیٹ سے MSCI فرینٹیر مارکیٹ میں پاکستان کی تنزیل 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 کھوٹی اور نئی مخلوط حکومت قائم ہوئی۔

شعبہ جات کارکردگی کے لحاظ سے، آٹو اسمبلر، کیمیکلز، کمرشل بینک، فریڈا، آئل اینڈ گیس ایکسپلوریشن، اور پاور جنریشن اور ڈسٹری بیوشن سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری طرف، آٹو پارٹس اینڈ ایکسییری، کیمیل اور الیکٹریکل سامان، سینٹ، انجینئرنگ، خوراک اینڈ ذاتی نگہداشت، انشورنس، آئل اینڈ گیس مارکیٹنگ، فارماسیوٹیکل، ریفرنسری اور ٹیکنالوجی کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی اور میوچل 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۔

کارپوریٹ ڈیٹ سیکورٹیز میں تجارتی سرگرمیاں سست رہیں کیونکہ مجموعی تجارت 10.2 بلین روپے رہی۔ تاہم، مارکیٹ نے پاور اینڈ ڈسٹری بیوشن اور بینکنگ کے شعبوں میں TFCs اور سٹاک کا نیا اجراء دیکھا۔

مالی سال 2022 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے آٹھ (8) مانیٹری پالیسی اجلاس منعقد کئے اور اہم ملکی سیاسی شورا اور عالمی غیر یقینی صورتحال کی وجہ سے افراط زر کے دباؤ کا مقابلہ کرنے، معاشی استحکام کو یقینی بنانے اور بیرونی اور قیمتوں کے استحکام کی حفاظت کے لیے، ڈسکاؤنٹ کی شرح کو 8% سے بڑھا کر 14.75% کر دیا۔ دوسری ششماہی کے دوران، روس-یوکرین تنازعہ اور ایشیا کی بڑھتی ہوئی قیمتوں کی وجہ سے عالمی اقتصادی حالات خراب ہو گئے، جس نے دنیا بھر کے تمام مرکزی بینکوں کو کئی سالوں کی بلند افراط زر اور چیلنجز آؤٹ لک کا سامنا کرنے پر مجبور کر دیا۔ ملکی سطح پر، افراط زر میں بھی بڑھنے کا رجحان رہا جس کی وجہ سے (i) غذائی اجزاء کی قیمتوں میں تیزی سے اضافہ، (ii) روپیہ پر مسلسل دباؤ، (iii) پمپنگ ٹیرف میں اضافہ، اور (iv) ایندھن کی سبسڈی کا ختم ہونا۔ CPI کی پیمائش کردہ افراط زر جون 2022 میں 21.3 فیصد تک پہنچ گئی جو گزشتہ سال کے اسی مہینے کے دوران 9.7 فیصد تھی۔ اسٹیٹ بینک پاکستان کے پاس غیر ملکی زرمبادلہ کے مجموعی ذخائر بھی ایک سال قبل 17.3 بلین امریکی ڈالر کے مقابلے میں جون 2022 کے آخر میں 9.8 بلین امریکی ڈالر تک کم ہو گئے۔ افراط زر کا نقطہ نظر خراب ہو گیا اور بیرونی استحکام کے لیے خطرات بڑھ گئے ہیں، آئندہ سال کی پہلی ششماہی میں شرح مزید بڑھنے کا امکان ہے۔

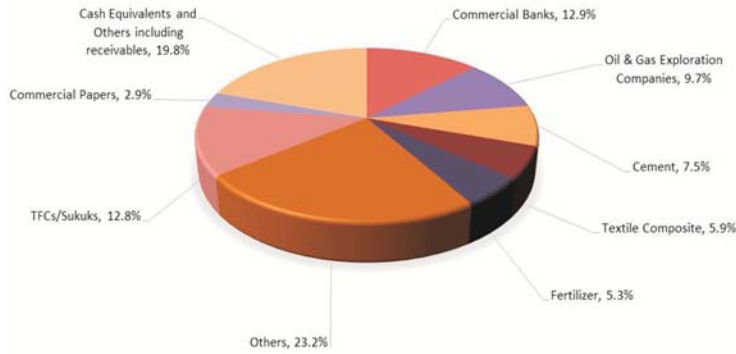
اسٹیٹ بینک پاکستان نے چھ مہینوں (26) ٹی بیل ٹیلایمیوں کا انعقاد کیا، جس سے کل 17.1 ٹریلین روپے کی وصولی ہوئی۔ حکومتی شرح منافع میں بھی حرکت دیکھی گئی جس کے نتیجے میں ثانوی مارکیٹ کی شرح منافع میں تیزی سے اضافہ ہوا، جس نے پالیسی ریٹ سے اپنے اعلیٰ تئیر کو برقرار رکھا۔ 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے T-Bills کی شرح منافع میں بالترتیب 770، 762 اور 749 پیمز پوائنٹس کا اضافہ ہوا۔

مالی سال کے دوران، NBP بیلنسڈ فنڈ 2.9% پیچ مارک میں کمی کے برخلاف 6.3% تک کمی ہوئی جس کے نتیجے میں سال کے دوران NBF نے سال کے دوران ایتر کارکردگی کا مظاہرہ کیا کیونکہ فنڈ نے سینٹ، انجینئرنگ، ٹیکسٹائل کمپوزٹ، کیمیل اور الیکٹریکل گڈز اور شیشے اور سیرامکس کے شعبوں میں اہم اسٹاک کو زیادہ اہمیت دی جنہوں نے مارکیٹ میں ایتر کارکردگی کا

مظاہرہ کیا اور فریڈا سوزر، آئل اینڈ گیس ایکسپلوریشن کمپنیوں، ہیکنالوجی اور کمیونیکیشن، کمرشل بینک، اور ریفرنسز کی کمپنیاں، وہ شعبے ہیں جنہوں نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا، ان کے اہم اسٹاک کو کم اہمیت دی گئی۔ اسے آغاز (19 جنوری 2007) سے، فنڈ میں 227.2 فیصد بیچ مارک ریٹرن کے مقابلے 424.4 فیصد کا اضافہ ہوا ہے، چنانچہ آج تک بہتر کارکردگی 197.2 فیصد ہے۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔ فنڈ کا سائز 30 جون 2022 کو 819 ملین ہے۔

NBP بیلنسڈ فنڈ کو سال کے دوران 21.99 ملین روپے کا مجموعی نقصان ہوا ہے۔ 50.38 ملین روپے کے اخراجات برداشت کرنے کے بعد، خالص نقصان 72.37 ملین روپے ہے۔ سال کے دوران، NBP بیلنسڈ فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 19.3595 (Ex-Div) روپے سکیم ہو کر 30 جون 2022 کو 18.1367 روپے ہو گئی۔ نتیجتاً یونٹ نقصان 1.2228 روپے (6.3%) ہے۔

30 جون 2022 کے مطابق NBP بیلنسڈ فنڈ کی ایسٹ ایلوکیشن حسب 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)

13 اگست 2021 کو NBP بیلنسڈ فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروویڈنٹ کے بعد مرسلہ نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ کلیر ٹیکسیشن پر میوچل فنڈ ز ایسوسی ایشن آف پاکستان کو دی گئی 19.93 ملین روپے کی رقم واپس کر دی گئی۔ پروویڈنٹ کی اس واپسی کے باعث 13 اگست 2021 کو NBP بیلنسڈ فنڈ کے NAV میں 1.24% کا غیر معمولی اضافہ ہوا ہے۔ یہ ایک ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

## آڈیٹرز

موجودہ آڈیٹرز، میسرز گرانٹ تھارن انجمن رحمان اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2023 کو ختم ہونے والے سال کے دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

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

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شہریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

- 6 • فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 • کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 • پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 • ٹیکسوں، ڈیویڈنڈ 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 بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کی گئی ہے۔
- 11 • یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
- 12 • ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے 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 فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	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 سیدگل •5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

## اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ بینجمنٹ 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 Balanced 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 Balanced Fund

NBP Balanced Fund (NBF) is an Open-ended Balanced Fund.

### Investment Objective of the Fund

Objective of NBF is to provide investors with a combination of capital growth and income. NBF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.

### Benchmark

Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation, effective from September 01, 2016. Previously 50% KSE-30 Total Return Index & 50% 3-Month KIBOR.

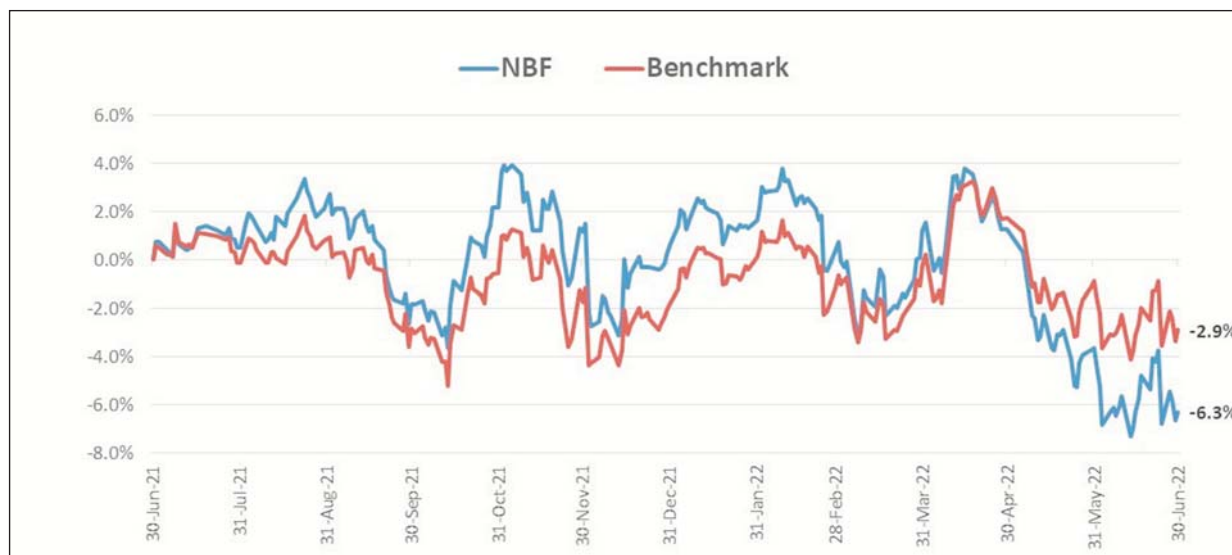
### Fund Performance Review

This is the Sixteenth annual report of the Fund. During the fiscal year, NBP Balanced Fund decreased by 6.3% versus the benchmark decreased by 2.9% translating into an underperformance of 3.4% during the year. Since its launch (January 19, 2007), the Fund has risen by 424.4%, versus the benchmark return of 227.2%, thus to date outperformance is 197.2%. This outperformance is net of management fee and all other expenses. Thus, NBF has met its investment objective. During the year, the fund size of NBF decreased by 49% to Rs. 819 mln.

NBF underperformed 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, Technology & Communication, Commercial Banks, and Refinery Companies, sectors that outperformed the market.

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

**NBF Performance vs. Benchmark during FY22**



At the start of the year, NBF was around 66.4% invested in equities. During the year, we altered the allocation of the Fund based on the expected performance of different asset classes. Towards the end of the year, the allocation in equities was around 64.5%.

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.

The trading activity in corporate debt securities remained sluggish as the cumulative traded value stood at Rs. 10.2 billion. However, market witnessed fresh issuance of TFCs and Sukuks in the Power & Distribution and Banking sectors.

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

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

## Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP BALANCED FUND amounting to Rs. 19.93 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 BALANCED FUND by 1.24% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## 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.

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

Particulars	30-Jun-22	30-Jun-21
Equities / Stocks	64.5%	66.4%
TFCs / Sukuks	12.8%	10.4%
Cash Equivalents	21.7%	25.1%
Commercial Papers	2.9%	-
Other Net Liabilities	(1.9%)	(1.9%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>



# NBP BALANCED FUND



## 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
1-1000	151
1001-5000	91
5001-10000	29
10001-50000	61
50001-100000	10
100001-500000	24
5000001-10000000	1
10000001-100000000	1
<b>Total</b>	<b>368</b>

## Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investment before Provision	Provision held	Value of Investment after Provision	% Net Assets	% Gross Assets
Saudi Pak Leasing	TFC	27,547,410	27,547,410	-	-	-
Eden Housing (Sukuk II)	SUKUK	9,843,750	9,843,750	-	-	-
New Allied Electronics (Sukuk I)	SUKUK	10,000,000	10,000,000	-	-	-
<b>Total</b>		<b>47,391,160</b>	<b>47,391,160</b>	-	-	-

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit Holders of the NBP Balanced Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of NBP Balanced Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and income statement, statement of comprehensive income, statement of movements in unit holder's fund, statement of cash flows 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 approved 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 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 Matters

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

Key Audit Matter	How the matter was addressed in our audit
<p><b>Investments</b> (refer note 5 to the financial statements)</p>	
<p>Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2022 amounted to Rs. 657.233 million (2021: Rs. 1,233.854 million).</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>obtained understanding of relevant controls placed by the Management Company applicable to the account balance;</li> <li>verified existence of investments from Central Depository Company (CDC) account statement, bank statements and other relevant documents;</li> <li>independently tested the valuations directly with the prices published on Mutual Fund Association of Pakistan (MUFAP) website.</li> <li>performed test of details on sale and purchase of investments on a sample basis.</li> <li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> </ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

## Responsibilities of Management and Board of Directors (the Board) for the Financial Statements

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

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

The Board is responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- Conclude on the appropriateness of the 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 the Board 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 to the Board 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 the Board, 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**

Further, we report that the Fund's financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.

**Grant Thornton Anjum Rahman**  
Chartered Accountants

Karachi  
Date: September 28, 2022

UDIN: AR202210126fTc27eUPZ

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

		2022	2021
	Note	-----Rupees in 000-----	
<b>ASSETS</b>			
Bank balances	4	177,792	403,868
Investments	5	657,233	1,233,854
Dividend and profit receivables	6	5,191	3,436
Advance, deposits and prepayment	7	3,891	13,102
Receivable against transfer of units		-	149
<b>Total assets</b>		<b>844,107</b>	<b>1,654,409</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - Management Company	8	5,242	10,118
Payable to Central Depository Company of Pakistan Limited - Trustee	9	156	248
Payable to Securities and Exchange Commission of Pakistan	10	238	312
Payable against purchase of investment		5,375	-
Payable against redemption of units		5	82
Accrued expenses and other liabilities	11	14,267	35,976
<b>Total liabilities</b>		<b>25,283</b>	<b>46,736</b>
<b>NET ASSETS</b>		<b>818,824</b>	<b>1,607,673</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>818,824</b>	<b>1,607,673</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
		(Number of units)	
<b>NUMBER OF UNITS IN ISSUE</b>	13	<b>45,147,265</b>	<b>83,043,193</b>
		(Rupees)	
<b>Net assets value per unit</b>		<b>18.1367</b>	<b>19.3595</b>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	-----Rupees in 000-----	
<b>INCOME</b>		
Income from term finance certificate and sukuks	15,221	12,929
Discount income on commercial paper	720	-
Discount income on treasury bills	9,464	25,297
Profit on bank deposits	13,668	16,483
Dividend income	59,529	44,828
Gain on sale of investments at fair value through profit or loss (FVTPL) - Net	(33,781)	44,111
Net unrealised (diminution) / appreciation on re-measurement of investments at FVTPL	(106,483)	187,952
<b>Total (loss) / income</b>	<b>(41,662)</b>	<b>331,600</b>
<b>EXPENSES</b>		
Remuneration of NBP Fund Management Limited - Management Company	20,326	23,412
Sindh Sales Tax on Remuneration to Management Company	2,642	3,044
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,123	2,561
Sindh sales tax on remuneration to trustee	276	332
Reimbursement of selling and marketing expenses	19,492	25,126
Reimbursement of allocated expenses	2,322	2,098
Annual fee - Securities and Exchange Commission of Pakistan	238	312
Securities transaction costs	1,148	1,181
Auditors' remuneration	843	829
Settlement and bank charges	309	495
Mutual fund rating fee	265	255
Legal and professional charges	344	243
Printing and other charges	20	109
Annual listing fee	27	28
<b>Total expenses</b>	<b>50,375</b>	<b>60,025</b>
<b>Net (loss) / income from operating activities</b>	<b>(92,037)</b>	<b>271,575</b>
Reversal of / (provision) against Sindh Workers' Welfare Fund	19,666	(5,432)
<b>Net (loss) / income for the year before taxation</b>	<b>(72,371)</b>	<b>266,143</b>
Taxation	-	-
<b>Net (loss) / income for the year</b>	<b>(72,371)</b>	<b>266,143</b>
<b>Allocation of net income for the year</b>		
Net income for the year	-	266,143
Income already paid on units redeemed	-	(5,549)
	-	260,594
<b>Accounting income available for distribution:</b>		
Relating to capital gains	-	226,917
Excluding capital gains	-	33,677
	-	260,594

The annexed notes 1 to 28 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	(72,371)	266,143
Other comprehensive income for the year	-	-
<b>Total comprehensive (loss) / income for the year</b>	<u><u>(72,371)</u></u>	<u><u>266,143</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

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

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	865,049	742,624	1,607,673	854,689	527,030	1,381,719
Issue of 1,821,349 units (2021: 3,602,612 units)						
- Capital value	35,260	-	35,260	60,134	-	60,134
- Element of income	434	-	434	8,523	-	8,523
Total proceeds on issuance of units	35,694	-	35,694	68,657	-	68,657
Redemption of 39,717,277 units (2021: 3,338,283 units)						
- Capital value	(768,907)	-	(768,907)	(55,722)	-	(55,722)
- Element of (loss) / income	16,735	-	16,735	(2,150)	(5,549)	(7,699)
Total payments on redemption of units	(752,172)	-	(752,172)	(57,872)	(5,549)	(63,421)
Total comprehensive (loss) /income for the year	-	(72,371)	(72,371)	-	266,143	266,143
Interim distribution for the year ended June 30,2021.						
- Cash distribution	-	-	-	-	(45,000)	(45,000)
- Refund of capital	-	-	-	(425)	-	(425)
	-	-	-	(425)	(45,000)	(45,425)
<b>Net assets at end of the year</b>	<b>148,571</b>	<b>670,253</b>	<b>818,824</b>	<b>865,049</b>	<b>742,624</b>	<b>1,607,673</b>
Undistributed income brought forward						
- Realised		554,672			524,840	
- Unrealised		187,952			2,190	
		742,624			527,030	
Accounting income available for distribution:						
Relating to capital gains		-			226,917	
Excluding capital gains		-			33,677	
		-			260,594	
Net loss for the year		(72,371)			-	
Interim distribution for the year ended June 30,2021.						
- Cash distribution		-			(45,000)	
Undistributed income carried forward		670,253			742,624	
Undistributed income carried forward						
- Realised income		776,736			554,672	
- Unrealised (loss)/ income		(106,483)			187,952	
		670,253			742,624	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			19.3595			16.6917
Net assets value per unit at end of the year			18.1367			19.3595

The annexed notes 1 to 28 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 FOR THE YEAR FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year	(72,371)	266,143
<b>Adjustments:</b>		
Net unrealised diminution /(appreciation) on re-measurement of investments at FVTPL	<u>106,483</u>	<u>(187,952)</u>
	34,112	78,191
<b>Decrease/(increase)in assets</b>		
Investments	470,138	(190,674)
Dividend and profit receivables	(1,755)	2,604
Advance, deposits and prepayment	9,211	(9,249)
Receivable against sale of investment	-	2,132
	477,594	(195,187)
<b>(Decrease) / Increase/in liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	(4,876)	2,784
Payable to Central Depository Company of Pakistan Limited - Trustee	(92)	23
Payable to Securities and Exchange Commission of Pakistan	(74)	27
Payable against purchase of investment	5,375	-
Accrued expenses and other liabilities	(21,709)	3,817
	(21,376)	6,651
<b>Net cash generated from / (used in) from operating activities</b>	490,330	(110,345)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units - net of refund of element	35,843	68,083
Net payments against redemption of units	(752,249)	(63,339)
Dividend paid	-	(45,000)
<b>Net cash used in financing activities</b>	(716,406)	(40,256)
<b>Net decrease in cash and cash equivalents</b>	(226,076)	(150,601)
Cash and cash equivalents at beginning of the year	403,868	554,469
<b>Cash and cash equivalents at end of the year</b>	<u>177,792</u>	<u>403,868</u>
	4	

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

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

### □1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP Balanced Fund 'the Fund' was established under a Trust Deed executed between the NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was authorised 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 (the 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 a "balanced 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 its investors with a combination of capital growth and income. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments etc.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an asset manager rating of 'AM1' to the Management Company as on 04 Feb 2022, a short term performance ranking of 5 star and long term performance ranking of 4 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 trustee of the Fund.
- 1.7 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

## 2.2 Standards, amendments and interpretations to the published standards that may be relevant to the Company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

### Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>New or Revised Standard or Interpretation</b>	<b>Effective Date "(Annual periods beginning on or after)"</b>
Annual improvements to IFRS standards 2018 - 2020 Cycle	January 1, 2022
IFRS 3 - References to Conceptual Framework.	January 1, 2022
IAS 16 - Proceeds before intended use.	January 1, 2022
IAS 37 - Onerous Contracts - Cost of Fulfilling a contract.	January 1, 2022
IFRS 16 - Covid-19-Related Rent Concessions beyond June 30, 2021.	April 1, 2021

### Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Standard or Interpretation</b>	<b>Effective Date "(Annual periods beginning on or after)"</b>
IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
IAS 8 - 'Definition of Accounting Estimates	January 1, 2023

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

### Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard or Interpretation</b>	<b>IASB effective Date "(Annual periods beginning on or after)"</b>
IFRS 17 'Insurance Contracts' and amendments to IFRS 17	January 1, 2023

## 2.3 Critical accounting estimates and judgments

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

## 2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values. All the transactions have been accounted for an accrual basis except for the statement for cash flows.

## 2.5 Functional and presentation currency

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

### 3.1 Cash and cash equivalents

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

### 3.2 Financial Assets

#### 3.2.1 Initial recognition and measurement

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

#### 3.2.2 Classification

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.

### 3.2.2.1 Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at 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.

### 3.2.2.2 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).

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes only cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.

- Other business model: this includes debt and equity securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

### 3.2.2.3 Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

#### Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup 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 / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

#### a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt MUFAP takes into account the holding pattern of these securities and categorizes them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### b) Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

#### c) Basis of valuation of equity securities

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

### 3.2.5 Impairment of financial assets

#### Financial assets at amortised cost

The Fund applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortized costs other than debts securities. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Funds' historical experience and informed credit assessment and including forward-looking information.

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Fund Manager.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are present separately in the income statement. The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and where the Fund has transferred substantially all risks and rewards of ownership.

### 3.2.7 Offsetting of financial assets and liabilities

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

### 3.2.8 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, 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.

### 3.2.9 Securities purchased under repurchased agreement

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repo) are not recognised in the statement of assets and liabilities. Amount paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo transaction.

All reverse repo transactions are accounted for on the settlement date.

### 3.2.10 Derivatives

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

## 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

## 3.4 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.

## 3.5 Taxation

The income of the Fund 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unitholders, 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.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

### **3.6 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.

### **3.7 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

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 unit holders' fund.

### **3.8 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.

### **3.9 Net assets value per unit**

The net asset value 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.



## 3.9.1 Revenue 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.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.
- Profit on bank deposits, term deposit receipts, mark-up / return on investments in debt securities and income from government securities is recognised using the effective yield method
- Dividend income is recognised when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

## 3.9.2 Distributions

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.

## 4 BANK BALANCES

	Note	2022 -----Rupees in 000-----	2021
In current accounts		169	3,549
In savings accounts	4.1	<u>177,623</u>	<u>400,319</u>
		<u><u>177,792</u></u>	<u><u>403,868</u></u>

4.1 These carry a rate of return ranging from 6.50% to 16.6% (2021: 4.50% to 7.75%) per annum.

## 5 INVESTMENTS

	Note	2022 -----Rupees in 000-----	2021
<b>Investments by category</b>			
<b>Financial asset 'at fair value through profit or loss'</b>			
- Listed equity securities	5.1	528,179	1,066,890
- Term finance certificates - unlisted	5.2	-	-
- Term finance certificates - unlisted	5.3	30,859	40,769
- Sukuk bonds	5.4	74,095	126,195
- Commercial paper	5.5	24,100	-
- Treasury Bills	5.6	-	-
		<u><u>657,233</u></u>	<u><u>1,233,854</u></u>

# NBP BALANCED FUND

5.1

Name of the investee company	Number of shares						Market value as at 30 June 2022	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
	As at 1 July 2021	Purchases during the period	Bonus/Right shares received during the period	Right shares purchased/subscribed	Sales during the period	As at 30 June 2022				
(Number of Shares)						(Rupees in '000)		(%)		
<b>Oil &amp; Gas Exploration Companies</b>										
Oil & Gas Development Company Limited	511,596	68,000	-	-	319,810	259,786	20,437	2.50%	3.11%	0.001%
Pakistan Oilfields Limited	29,528	1,500	-	-	15,500	15,528	6,302	0.77%	0.96%	0.001%
Pakistan Petroleum Limited	475,342	7,200	-	-	231,252	251,290	16,965	2.07%	2.58%	0.001%
Mari Petroleum Company Limited	35,783	3,700	-	-	18,850	20,633	35,897	4.38%	5.46%	0.002%
							<b>79,601</b>	<b>9.72%</b>	<b>12.11%</b>	
<b>Oil &amp; Gas Marketing Companies</b>										
Pakistan State Oil Company Limited	142,350	4,000	-	-	71,000	75,350	12,948	1.58%	1.97%	0.002%
Hascol Petroleum Limited	777	-	-	-	-	777	3	0.00%	0.00%	0.000%
Attock Petroleum Limited	16,261	-	-	-	2,100	14,161	4,550	0.56%	0.69%	0.001%
Sui Northern Gas Limited	90,500	-	-	-	90,500	-	-	0.00%	0.00%	0.000%
							<b>17,501</b>	<b>2.14%</b>	<b>2.66%</b>	
<b>Fertilizers</b>										
Engro Fertilizers Limited	28,834	-	-	-	28,833	1	-	-	-	0.000%
Fauji Fertilizer Bin Qasim Limited	441,000	100,000	-	-	266,000	275,000	5,566	0.68%	0.85%	0.002%
Engro Corporation Limited	137,319	-	-	-	68,000	69,319	17,821	2.18%	2.71%	0.001%
Fauji Fertilizers Company Limited	347,601	45,500	-	-	208,400	184,701	20,358	2.49%	3.10%	0.001%
							<b>43,745</b>	<b>5.34%</b>	<b>0.07</b>	
<b>Chemicals</b>										
Engro Polymer & Chemicals Limited	641,123	9,500	-	-	436,700	213,923	17,035	2.08%	2.59%	0.002%
I.C.I Pakistan Limited	2,400	-	-	-	2,400	-	-	0.00%	0.00%	0.000%
Lotte Chemical Pakistan Limited	947,500	108,000	-	-	812,500	243,000	5,740	0.70%	0.87%	0.002%
							<b>22,775</b>	<b>2.78%</b>	<b>3.47%</b>	
<b>Cement</b>										
Cherat Cement Company Limited	68,700	28,500	-	-	97,200	-	-	0.00%	0.00%	0.000%
D.G Khan Cement Pakistan Limited	91,500	-	-	-	91,500	-	-	0.00%	0.00%	0.000%
Fauji Cement Company Limited	634,500	713,500	-	-	868,500	479,500	6,795	0.83%	1.03%	0.002%
Kohat Cement Company Limited	119,450	74,300	-	-	2,500	191,250	24,887	3.04%	3.79%	0.010%
Attock Cement Pakistan Limited	-	83,300	-	-	-	83,300	5,539	0.68%	0.84%	0.006%
Lucky Cement Limited	87,764	1,300	-	-	44,567	44,497	20,426	2.49%	3.11%	0.001%
Maple Leaf Cement Factory Limited	248,319	244,300	-	-	348,300	144,319	3,947	0.48%	0.60%	0.001%
							<b>61,594</b>	<b>7.52%</b>	<b>9.37%</b>	
<b>Automobile Parts &amp; Accessories</b>										
Thal Limited	5,511	-	-	-	5,500	11	3	0.00%	0.00%	0.000%
Panther Tyres Limited	53,500	-	10,700	-	-	64,200	2,080	0.25%	0.32%	0.32%
							<b>2,083</b>	<b>0.00%</b>	<b>0.32%</b>	
<b>Textile Composite</b>										
Azgard Nine Limited (Non-voting shares)	807,000	-	-	-	-	807,000	5,649	0.69%	0.86%	1.353%
Gul Ahmed Textile Mills Limited	318,960	23,700	-	-	59,500	283,160	9,574	1.17%	1.46%	0.005%
Kohinoor Textile Mills Limited	256,113	116,500	-	-	-	372,613	18,631	2.28%	2.83%	0.012%
Crescent Textile Mills Limited	-	12,000	-	-	-	12,000	216	0.03%	0.03%	0.001%
Nishat (Chunin) Limited	176,000	-	-	-	160,200	15,800	708	0.09%	0.11%	0.001%
Interloop Limited	136,418	-	3,672	-	86,000	54,091	3,300	0.40%	0.50%	0.001%
Nishat Mills Limited	202,200	1,200	-	-	66,100	137,300	10,148	1.24%	1.54%	0.004%
							<b>48,225</b>	<b>5.89%</b>	<b>7.34%</b>	
<b>Technology &amp; Communication</b>										
Avaceon Limited	22,200	-	-	-	22,200	-	-	0.00%	0.00%	0.000%
Octopus Digital Limited	-	75,299	-	-	75,299	-	-	0.00%	0.00%	0.000%
TPL Trackers Limited	355,000	-	-	-	355,000	-	-	0.00%	0.00%	0.000%
Systems Limited	76,505	1,200	65,370	-	41,926	101,149	33,365	4.07%	5.08%	0.004%
							<b>33,365</b>	<b>4.07%</b>	<b>5.08%</b>	

# NBP BALANCED FUND

Name of the investee company	Number of shares						Market value as at 30 June 2022	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
	As at 1 July 2021	Purchases during the period	Bonus/Right shares received during the period	Right shares purchased/subscribed	Sales during the period	As at 30 June 2022				
(Number of Shares)						(Rupees in '000)	(%)			
<b>Engineering &amp; Electronics</b>										
International Industries Limited	4,600	-	-	-	4,400	200	21	0.00%	0.00%	0.000%
Agha Steel Industries Ltd	366,000	-	3,025	-	369,025	-	-	0.00%	0.00%	0.000%
Amreli Steels Ltd	40,000	-	-	-	40,000	-	-	0.00%	0.00%	0.000%
International Steels Limited	25,600	4,000	-	-	29,600	-	-	0.00%	0.00%	0.000%
Mughal Iron & Steel Industries	359,600	85,900	57,720	-	110,200	393,020	22,654	2.77%	3.45%	0.012%
Aisha Steels Limited	34,000	196,500	-	-	-	230,500	2,547	0.31%	0.39%	0.002%
Pak Electron Limited	283,500	30,000	463,380	-	313,500	463,380	7,363	0.90%	1.12%	0.005%
							<b>32,585</b>	<b>3.98%</b>	<b>4.96%</b>	
<b>Power Generation &amp; Distribution</b>										
Lalpir Power Limited	268,000	-	-	-	36,500	231,500	2,952	0.36%	0.45%	0.006%
Pakgen Power Limited	156,000	-	-	-	25,000	131,000	2,422	0.30%	0.37%	0.004%
Saif Power Limited	130,000	-	-	-	130,000	-	-	0.00%	0.00%	0.000%
The Hub Power Company Limited	664,415	-	-	-	500,000	164,415	11,208	1.37%	1.71%	0.001%
							<b>16,582</b>	<b>2.03%</b>	<b>2.52%</b>	
<b>Commercial Banks</b>										
Allied Bank Limited	57,800	-	-	-	20,000	37,800	2,608	0.32%	0.40%	0.000%
Bank Al-falah Limited	887,927	338,000	-	-	414,126	811,801	25,978	3.17%	3.95%	0.005%
Bank Al-Habib Limited	484,400	50,000	-	-	200,000	334,400	19,415	2.37%	2.95%	0.002%
Bank of Punjab	112,500	-	313	-	110,000	2,813	15	0.00%	0.00%	0.000%
Faysal Bank Limited	197,327	258,000	-	-	200,000	255,327	5,888	0.72%	0.90%	0.001%
Habib Bank Limited	453,380	92,500	-	-	232,000	313,880	28,670	3.50%	4.36%	0.002%
MCB Bank Limited	82,500	-	-	-	60,000	22,500	2,767	0.34%	0.42%	0.000%
Meezan Bank Limited	40,172	-	6,026	-	46,000	198	22	0.00%	0.00%	0.000%
United Bank Limited	261,391	40,000	-	-	124,500	176,891	20,012	2.44%	3.04%	0.001%
							<b>105,375</b>	<b>12.87%</b>	<b>16.03%</b>	
<b>Glass and Ceramics</b>										
Tariq Glass Industries Limited	177,125	-	-	-	49,635	127,490	13,235	1.62%	2.01%	0.009%
Shabbir Tiles & Ceramics Limited	582,000	203,500	-	-	9,500	776,000	11,353	1.39%	1.73%	0.056%
							<b>24,588</b>	<b>3.00%</b>	<b>3.74%</b>	
<b>Paper &amp; Board</b>										
Century Paper & Board Limited	75,980	-	9,027	-	85,007	-	-	0.00%	0.00%	0.000%
Packages Limited	8,900	-	-	-	7,450	1,450	578	0.07%	0.09%	0.000%
Roshan Packages Limited	68,000	-	-	-	-	68,000	1,010	0.12%	0.15%	0.005%
							<b>1,589</b>	<b>0.19%</b>	<b>0.24%</b>	
<b>Food and Personal Care Products</b>										
Shezan International Limited	-	6,300	630	-	-	6,930	1,178	0.14%	0.18%	0.007%
Unity Foods Limited	24,500	-	-	-	24,500	-	-	0.00%	0.00%	0.000%
							<b>1,178</b>	<b>0.14%</b>	<b>0.18%</b>	
<b>Automobile Assemblers and Accessories</b>										
Honda Atlas Cars Limited	7,800	3,500	-	-	7,600	3,700	721	0.09%	0.11%	0.000%
Indus Motor Company Limited	1,220	-	-	-	1,220	-	-	0.00%	0.00%	0.000%
Pak Suzuki Motor Company Limited	-	3,500	-	-	3,500	-	-	0.00%	0.00%	0.000%
Millat Tractors Limited	15,638	-	8,808	-	13,776	10,670	9,309	1.14%	1.42%	0.001%
							<b>10,030</b>	<b>1.22%</b>	<b>1.53%</b>	
<b>Pharma And Biotech</b>										
AGP Limited	97,400	6,500	-	-	66,400	37,500	3,286	0.40%	0.50%	0.001%
Hignnoon Laboratories Limited	11,220	-	1,022	-	1,000	11,242	5,957	0.73%	0.91%	0.003%
Citi Pharma Limited	-	237,725	20,373	-	206,000	52,098	1,700	0.21%	0.26%	0.002%
The Searle Company Limited	50,170	7,100	14,331	-	49,518	22,083	2,407	0.29%	0.37%	0.001%
Glaxosmithkline Consumer Health Care	3,500	-	-	-	3,500	-	-	0.00%	0.00%	0.000%
Abbott Laboratories	5,500	-	-	-	2,600	2,900	1,898	0.23%	0.29%	0.000%
IBL Healthcare Limited	62,000	-	8,760	-	24,300	46,460	2,415	0.29%	0.37%	0.007%
							<b>17,662</b>	<b>2.16%</b>	<b>2.69%</b>	

Name of the investee company	Number of shares						Market value as at 30 June 2022	Market value as a percentage of net assets	Market value as a percentage of investments	Percentage of paid-up capital of the investee company held
	As at 1 July 2021	Purchases during the period	Bonus/Right shares received during the period	Right shares purchased/subscribed	Sales during the period	As at 30 June 2022				
(Number of Shares)						(Rupees in '000)		(%)		
<b>Footwear</b>										
Service Global Footwear Limited	70,690	-	-	-	26,000	44,690	1,796	0.22%	0.27%	0.002%
Service Industries Limited	18,400	-	-	-	1,600	16,800	5,926	0.72%	0.90%	0.004%
							7,722	0.94%	1.17%	
<b>Transportation and Warehouse</b>										
Pakistan International Bulk Terminal Limited	78,500	250,000	-	-	-	328,500	1,978	0.24%	0.30%	0.002%
							1,978	0.24%	0.30%	
<b>Total - 30 June 2022</b>	<b>13,775,210</b>	<b>3,535,524</b>	<b>673,155</b>	<b>-</b>	<b>8,444,094</b>	<b>9,539,795</b>	<b>528,179</b>	<b>64.25%</b>	<b>80.36%</b>	
Carrying value as at June 30, 2022							637,899			
Market value as at June 30, 2021							1,066,890			
Carrying value as at June 30, 2021							879,917			

**5.1.1** Investments include shares with market value of Rs. 85.66 million (30 June 2021: Rs. 45.65 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no.11 dated 23 October 2007 issued by the SECP.

Name of Investee Company	2022		2021	
	Shares Pledged	Market Value (Rs. in '000)	Shares Pledged	Market Value (Rs. in '000)
Bank Al-Habib Limited	190,000	11,031	180,000	12,622
Lucky Cement Limited	34,000	15,607	9,000	7,771
Nishat Mills Limited	50,000	3,696	50,000	4,665
Oil & Gas Development Company Limited	144,000	11,328	144,000	13,684
Pakistan Petroleum Limited	179,500	12,118	79,500	6,903
Allied Bank Limited	25,000	1,725	-	-
Attock Cement Pakistan Limited	10,000	665	-	-
Aisha Steels Limited	25,000	276	-	-
Bank Al-Falah Limited	100,000	3,200	-	-
Engro Polymer & Chemicals Limited	50,000	3,982	-	-
Fauji Cement Company Limited	100,000	1,417	-	-
Fauji Fertilizer Bin Qasim Limited	10,000	202	-	-
Fauji Fertilizers Company Limited	25,000	2,756	-	-
Habib Bank Limited	20,000	1,827	-	-
MCB Bank Limited	10,000	1,230	-	-
Mughal Iron & Steel Limited	100,000	5,764	-	-
Pakistan State Oil Company Limited	35,000	6,014	-	-
United Bank Limited	25,000	2,828	-	-
	<b>1,132,500</b>	<b>85,666</b>	<b>462,500</b>	<b>45,645</b>

**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 filed a petition in Honorable 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 Honorable Sindh High Court has granted stay order till the final outcome of the case.

During the year ended 30 June 2018, the Honorable 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 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 did not deposit the minimum 50% of the tax liability, as they did not have such tax in their book 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 Honorable 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 favor 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 company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 1.06 million (30 June 2021: Rs. 1.07 million) and not yet deposited in CDC account of department of Income Tax. The details of the bonus shares withheld are as follows:

Name of the company	2022		2021	
	Number of shares withheld	Market value as at June 30, 2022	Number of shares withheld	Market value as at June 30, 2021
		Rupees in 000		Rupees in 000
Pakistan State Oil	1,142	196	1,142	256
Hascol	777	3	777	7
Faysal Bank Limited	27,327	630	27,327	464
Kohinoor Textile Mills Limited	4,639	232	4,639	349
	<b>33,885</b>	<b>1,061</b>	<b>33,885</b>	<b>1,076</b>

## 5.2 Term finance certificates - listed - at fair value through profit or loss

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the investee company	Number of certificates				As at 30 June 2022 Market value/Carrying value	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	Disposals during the year	As at 30 June 2022			
Saudi Pak Leasing Company Limited (note 5.2.1)	10,000	-	-	10,000	-	-	-

(Rupees in '000) ----- (%) -----

**5.2.1** This represents investment in term finance certificates with original term of nine years. On 13 October 2011 the investee company defaulted on its obligation on account of principal and profit payment. The investee company rescheduled its term on 26 December 2011 with a new maturity in March 2017. The said TFCs complied with repayment terms since it was rescheduled and had been reclassified as performing as per criteria defined in circular no. 1 of 2009. However, the investee company again defaulted on its obligation on account of principal and profit payment for the month of April 2014 and was therefore declared as Non Performing Asset (NPA) since 30 April 2014. The amount of provision of Rs. 27.547 million as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

### 5.3 Term finance certificates - unlisted - at fair value through profit or loss

All term finance certificates have a face value of Rs 5,000 each unless stated otherwise

Name of the investee company	Number of certificates				Market value /carrying value as at 30 June 2022 (Rupees in '000)	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	Disposals/ Maturity during the year	As at 30 June 2022			
Jahangir Siddiqui and Company Limited	17,100	-	-	17,100	30,859	3.77	4.70
	17,100	-	-	17,100	30,859		

### 5.3.1 Significant terms and conditions of term finance certificates and sukuks outstanding at the year end are as follows:

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Unsecured</b>							
<b>Listed term finance certificates</b>							
Saudi Pak Leasing Company Limited	10,000	Monthly	2,755	6.87% Fixed rate	13 March 2008	3 March 2017	Unrated
<b>Unlisted term finance certificates</b>							
Jahangir Siddiqui Company Limited	17,100	Semi Annually	3,125	6 Month KIBOR offer rate plus 1.4%	18 July 2017	18 July 2023	AA+

### 5.4 Sukuk bonds - unlisted - at fair value through profit or loss

All sukuks have a face value of Rs. 5,000

Name of the investee company	Number of certificates				Market value/ carrying value as at 30 June 2022 (Rupees in '000)	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	Disposals during the year	As at 30 June 2022			
Hub Power Company Limited	500	-	-	500	39,454	4.82	0.00
Shakarganj Food Products Limited	30	-	-	30	20,368	2.49	0.00
Mughal Iron & Steel Industries Limited	50	-	35	15	14,273	1.74	0.00

# NBP BALANCED FUND



Name of the investee company	Number of certificates				Market value/ carrying value as at 30 June 2022 (Rupees in '000)	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	Disposals during the year	As at 30 June 2022			
New Allied Electronics Industries (Private) Limited (note 5.4.1)	32,000	-	-	32,000	-	-	-
Eden Housing Limited (note 5.4.2)	10,000	-	-	10,000	-	-	-
<b>Total as at 30 June 2022</b>	<b>42,580</b>	<b>-</b>	<b>35</b>	<b>42,545</b>	<b>74,095</b>	<b>9.05</b>	<b>0.00</b>

**5.4.1** This represents investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as NPA by MUFAP since January 09, 2009. The amount of provision of Rs. 10 million as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

**5.4.2** This represents investment in privately placed sukuk bonds with a term of five years. On May 06, 2011, the issuer has defaulted its scheduled principal and profit payment and therefore it was classified as NPA by MUFAP. The amount of provision of Rs. 9.844 million as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular.

**5.4.3** The sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

**5.4.4 Significant terms and conditions of sukuks bonds outstanding at the year end are as follows:**

	Number of certificates	Repayment Frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
<b>Secured</b>							
<b>Unlisted sukuk</b>							
New Allied Electronics Industries (Private) Limited	32,000	Quarterly	313	3 Month KIBOR offer rate plus 2.6%	27 July 2007	25 July 2016	Unrated
Eden Housing Limited	10,000	Quarterly	984	3 Month KIBOR offer rate plus 3%	31 March 2009	29 September 2016	Unrated

## 5.5 Commercial Papers

Name of the investee company	Note.	Face value				Carrying value as at June 30, 2022	Carrying value as at June 30, 2021
		As at July 01, 2021	Placements made during the period	Sales / matured during the period	As at June 30, 2022		
China Power	5.5.1	-	25,000	-	25,000	24,100	-
		-	25,000	-	25,000	24,100	-
<b>Total Cost of Placements</b>			<b>25,000</b>				
<b>Market value as at June 30, 2022</b>						<b>24,100</b>	

# NBP BALANCED FUND



5.5.1

Particulars	Profit rates	Issue date	Maturity Date	Face Value	Carrying Amount	Carrying value as a % of net assets	Carrying value as a % of total investment
China Power	14.05%	April 12, 2022	October 9, 2022	25,000	24,100	2.94%	3.67%
				<u>25,000</u>	<u>24,100</u>		

5.6 Treasury Bills

Issue date	Tenor	As at July 01, 2021	Purchased during the year	Disposed / matured during the year	As at June 30, 2022
		----- (Rupees in '000) -----			
May 20, 2021	3 Months	-	300,000	(300,000)	-
June 03, 2021	3 Months	-	45,000	(45,000)	-
April 22, 2021	6 Months	-	300,000	(300,000)	-
July 02, 2021	3 Months	-	355,000	(355,000)	-
March 25, 2021	6 Months	-	15,000	(15,000)	-
October 21, 2021	3 Months	-	300,000	(300,000)	-
<b>Total as at June 30, 2022</b>		-	<u>1,345,000</u>	<u>(1,345,000)</u>	-

6 DIVIDEND AND PROFIT RECEIVABLES

Note	2022	2021
	-----Rupees in 000-----	
Profit receivable on savings accounts	1,900	277
Dividend receivable	26	152
Accrued markup on term finance certificates and sukus	12,452	12,195
Less: Income suspended over non-performing term finance certificates and sukus	(9,187)	(9,188)
	<u>3,265</u>	<u>3,007</u>
	<u>5,191</u>	<u>3,436</u>

7 ADVANCE, DEPOSITS AND PREPAYMENT

Advance tax	7.1	882	882
Security deposits with:			
- Central Depository Company of Pakistan Limited		100	100
- National Clearing Company of Pakistan Limited		2,750	2,750
Prepaid fee	7.2	159	133
Advance against IPO/ bookbuilding		-	9,237
		<u>3,891</u>	<u>13,102</u>

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 and investment 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 withholdor. The tax withheld on dividends and profit on bank deposits as at 30 June 2022 amounts to Rs. 0.882 million (2021: Rs. 0.882 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 FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorizing all CISs to file an appeal in the Honorable 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.

7.2 This represents the prepaid credit rating fees to PACRA.

8 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2022 -----Rupees in 000-----	2021
Management Remuneration	8.1	1,692	2,026
Sindh Sales Tax on management remuneration	8.2	220	263
Sales and transfer load		92	197
Sindh Sales Tax on sales load		12	26
Reimbursement of Selling and marketing expense	8.3	2,794	7,005
Reimbursement of Allocated expenses	8.4	430	600
Adc Share including sindh sales tax		2	1
		5,242	10,118

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.

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 As per Circular 11 of 2019 dated 5 July 2019 issued by SECP, the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised condition for charging of selling and marketing expense to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 5 of 2017 and circular No. 05 of 2018. These expense shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expense:

Effective Dates	Applicable Rates
<b>From Jan 26, 2021 till June 30, 2021</b>	1.75% per annum of average daily net assets
<b>From Aug 23, 2021 till February 01, 2022</b>	1.8% per annum of average daily net assets
<b>From Feb 02, 2022 till June 30, 2022</b>	1.3% per annum of average daily net assets

- 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)."

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

- 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.

**9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

		2022	2021
	Note	-----Rupees in 000-----	
Trustee remuneration	9.1	138	220
Sindh Sales Tax on Trustee remuneration	9.2	18	28
		<u>156</u>	<u>248</u>

- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as follows.

Net assets	Tariff per annum
-Up to Rs. 1 billion.	-0.20% per annum of net asset.
-On an amount exceeding Rs. 1 billion.	-Rs. 2.0 million plus 0.10% per annum of net asset value exceeding Rs. 1 billion.

The remuneration is paid to Trustee monthly in arrears.

- 9.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh of 13% (30 June 2021: 13%) was charged on trustee remuneration.

**10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

	2022	2021
	-----Rupees in 000-----	
Annual fee payable	<u>238</u>	<u>312</u>

- 10.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorized as a balanced scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan. With effect from 1st July 2019 SECP has revised its fee rate to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears. The fee is paid annually in arrears.

**11 ACCRUED EXPENSES AND OTHER LIABILITIES**

		2022	2021
	Note	-----Rupees in 000-----	
Provision for Sindh Workers' Welfare Fund	11.1	-	19,666
Federal Excise Duty on management remuneration	11.2	11,587	11,587
Federal Excise Duty on sales load		818	818
Dividend payable		493	493
Auditors' remuneration		708	591
Brokerage fee		91	296
Settlement and bank charges		67	291
Withholding tax		158	1,824
Legal and professional charges		130	140
Others		199	209
CGT Payable		16	61
		<u>14,267</u>	<u>35,976</u>

- 11.1** During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by NBP Balanced Fund amounting to Rs. 19.93 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 Balanced Fund by 1.24% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.
- 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 Honorable Sindh High Court (SHC) on 4 September 2013.

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia 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 Honorable 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 Honorable 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. 11.587 (30 June 2021: Rs. 11.587 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.2566 (June 2021: Rs. 0.1395) per unit.

## 12 CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 30 June 2022 (2021: Nil).

## 13 NUMBER OF UNITS IN ISSUE

**2022**                      **2021**  
**(Number of units)**

Total units in issue at beginning of the year	<b>83,043,193</b>	82,778,864
Add: units issued against		
- Sale	<b>1,821,349</b>	3,580,931
- Refund of capital at zero value	<b>-</b>	21,681
Less: units redeemed	<b>(39,717,277)</b>	(3,338,283)
Total units in issue at end of the year	<b>45,147,265</b>	83,043,193

## 14 AUDITORS' REMUNERATION

**2022**                      **2021**  
**----- Rupees in 000 -----**

Audit fee	<b>455</b>	425
Half yearly review	<b>182</b>	170
Out of pocket expenses and others including government levy	<b>206</b>	234
	<b>843</b>	829

## 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. Since the Fund has incurred loss during the year therefore no provision for taxation has been made in these financial statements.

## 16 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA OF ASSIGNED CATEGORY

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated 06 March 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Balanced Fund'.

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

The following are the details of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Value as a percentage of net assets	Value as a percentage of gross assets
			----- (Rupees in '000) -----			----- (%) -----	
New Allied Electronic Industries (Private) Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates	10,000	(10,000)	-	-	-
Saudi Pak Leasing Company	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Term finance certificates (16.1)	27,547	(27,547)	-	-	-
Shakarganj Foods Products Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuks	20,368	-	20,368	2.49%	3.10%
Eden Housing Limited	Rating is below A- (A minus) as prescribed in clause (iv) of circular 7 of 2009	Sukuks	9,844	(9,844)	-	-	-
Total			<u>67,759</u>	<u>(47,391)</u>	<u>20,368</u>		

**16.1** At the time of purchase, these term finance certificates and sukuks bonds were in compliance with the aforementioned circular. However, they subsequently defaulted or were downgraded to non investment grade

**16.2** The management is taking steps to ensure compliance with the above requirements.

## 17 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 4.24% per annum (2021: 4.19% per annum). Total expense ratio (excluding government levies) is 3.98% per annum (2021: 3.61% per annum)

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

June 30,2022	At Amortised Cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
<b>Assets</b>			
Bank balances	177,792	-	177,792
Investments	-	657,233	657,233
Dividend and profit receivables	5,191	-	5,191
Deposits	2,850	-	2,850
Receivable against transfer of units	-	-	-
	<u>185,833</u>	<u>657,233</u>	<u>843,066</u>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	5,242	-	5,242
Payable to Central Depository Company of Pakistan - Trustee	156	-	156
Accrued expenses and other liabilities	1,688	-	1,688
	<u>7,086</u>	<u>-</u>	<u>7,086</u>
 June 30,2021			
<b>Assets</b>			
Bank balances	403,868	-	403,868
Investments	-	1,233,854	1,233,854
Dividend and profit receivables	3,436	-	3,436
Deposits	2,850	-	2,850
Receivable against sale of investment	149	-	149
	<u>410,303</u>	<u>1,233,854</u>	<u>1,644,157</u>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	10,118	-	10,118
Payable to Central Depository Company of Pakistan Limited - Trustee	248	-	248
Accrued expenses and other liabilities	2,020	-	2,020
	<u>12,386</u>	<u>-</u>	<u>12,386</u>

## 19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

19.1 Connected persons include NBP Fund Management Limited (NBP Funds) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, entities under common management or directorships, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company and unit holders holding 10 percent or more units of the Fund.

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

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

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

19.5 Transactions during the year:	2022	2021
	-----Rupees in 000-----	
<b>NBP Fund Management Limited Management Company</b>		
Management Remuneration	20,326	23,412
Sindh Sales Tax on remuneration of Management Company	2,642	3,044
Reimbursement Selling and Marketing Expense	19,492	25,126
Reimbursement Allocation of expenses related to registrar services, accounting, operation and valuation services	2,322	2,098
Sales Load	528	405
Adc charges	2	1
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	2,123	2,561
Sindh Sales Tax on remuneration of Trustee	276	332
CDS charges	38	70
<b>Employees of the Management Company</b>		
Units issued: 46,709 (2021: 73,774 units)	900	1,393
Dividend Re-invest Units Issued: Nil (2021: 156)	-	3
Units redeemed: 59,766 units (2021: 56,650 units)	1,156	1,067
<b>Pakistan Stock Exchange*</b>		
Listing Fee	-	25
<b>Hub Power Company Limited*</b>		
Shares purchased: Nil Shares(2021: 161,500 Shares)	-	13,452
Shares Sold: Nil Shares(2021: 86,000 Shares)*	-	6,928
Sukuk Income*	-	4,680
<b>NBP Employees Pension Fund</b>		
Dividend Re-invest Units Issued: Nil (2021: 796,430)	-	15,601
<b>National Clearing Company Limited (NCCPL)</b>		
NCCPL Charges	219	306
<b>Ronak Iqbal Lakhani</b>		
Dividend Re-invest Units Issued: Nil (2021: 204,345)	-	4,003
<b>Portfolio Managed By Management Company</b>		
T.bills sold:Nil units(2021:750,000 units)	-	73,464
<b>National Bank of Pakistan</b>		
Shares sold: Nil Shares(2021: 132,500 Shares)	-	5,125

# NBP BALANCED FUND



	2022	2021
	-----Rupees in 000-----	
<b>International Steel Limited</b>		
Shares purchased: 4,000 Shares(2021: 27,000 Shares)	407	2,304
Shares sold: 29,600 Shares(2021: Nil Shares)	2,003	-
Dividend Income	207	-
<b>Fauji Fertilizer Company Limited</b>		
Shares purchased: 45,500 Shares(2021: 33,600 Shares)	4,768	3,766
Shares sold: 208,400 Shares(2021: 122,900 Shares)	20,807	13,530
Dividend Income	4,094	-
<b>Gul Ahmed Textile Mills Limited</b>		
Shares purchased: 23,700 Shares(2021: 16,500 Shares)	831	802
Shares sold: 59,500 Shares(2021: Nil Shares)	2,553	-
<b>Taurus Securities Limited</b>		
Brokerage Charges	167	68
<b>19.6 Amounts outstanding as at year end:</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Management remuneration payable	1,692	2,026
Sindh Sales Tax payable	220	263
Selling and marketing expense	2,794	7,005
Allocated expenses	430	600
Sales load and Sindh Sales Tax payable	104	223
Adc share including sindh sales tax	2	1
<b>Employees of the Management Company</b>		
Units held: 7,752 units (2021: 22,540 units)	141	436
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	138	220
Sindh Sales Tax payable	18	28
Settlement charges payable	123	155
Security deposit	100	100
<b>Gul Ahmed Textile Mills Limited</b>		
Ordinary shares held:283,160 (2021:318,960 shares)	9,574	16,181
<b>Fauji Fertilizer Company Limited</b>		
Ordinary shares held: 184,701 (2021: 347601 shares)	20,358	36,880
<b>Ronak Iqbal Lakhani</b>		
Units held: units 8,683,522 (2021: 8,683,522 units)	157,490	168,109
<b>National Bank of Pakistan</b>		
Bank Balance in current account	270	920
<b>NBP Employees Pension Fund</b>		
Units held: 28,886,715 units (2021: 28,886,715 units)	523,910	559,232
<b>Karachi Electric Provident Fund*</b>		
Units held: Nil units (2021: 34,224,720 units)	-	662,573

	2022	2021
	-----Rupees in 000-----	
<b>Bank Islami Pakistan Limited</b>		
Bank Balance in savings account	468	167
<b>Hub Power Company Limited*</b>		
Ordinary shares held: Nil (2021: 664,615 shares)	-	52,934
<b>International Steel Limited</b>		
Ordinary shares held: Nil (2021: 25,600 shares)	-	2,391
<b>National Clearing Company of Pakistan Limited (NCCPL)</b>		
NCCPL Charges Payable	9	86
Security Deposits	2,750	2,750

\*Current balances with these parties have not been disclosed as they did not remain connected persons and related parties as at the year 30 June 2022.

## 20 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 & CFA	34
2	Mr. Asim Wahab Khan	CIO	16
3	Mr. Salman Ahmed	CFA	17
4	Mr. Hassan Raza	ACCA, BSC and CFA	11

### NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Qualification	Other funds managed by the Fund Manager
Mr. Asim Wahab Khan	CFA	NISIF, NIRIF, NIEF, NIAAEF, NSIF, NSF, NIAAF-II, NIAAF-III, NICPP-VI, NFSF & NGEIF

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

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

Particulars	Percentage (%)
1 Optimus Capital Management Limited.	17.75%
2 Efg Hermes Pakistan Limited.	17.27%
3 Taurus Securities Limited.	15.49%
4 Bma Capital Management Limited.	9.52%
5 Topline Securities Limited.	3.44%
6 Alfalah Securities Private Limited.	2.94%
7 Insight Securities Private Limited.	2.71%
8 J.S. Global Capital Limited.	2.46%
9 Aqeel Karim Dehdi Securities Private Limited.	1.98%
10 Foundation Securities.	1.98%

List of brokers by percentage of commission paid during the year ended 30 June 2021:  
Particulars



Particulars	Percentage (%)
1 Taurus Securities Limited.	5.72%
2 J.S. Global Capital Limited.	5.38%
3 Foundation Securities.	5.34%
4 Insight Securities Private Limited.	5.26%
5 Efg Hermes Pakistan Limited.	4.32%
6 Topline Securities Limited.	4.32%
7 Alfalah Securities Private Limited.	4.24%
8 Bma Capital Management Limited.	4.15%
9 Optimus Capital Management Limited.	4.12%
10 Aqeel Karim Dehdi Securities Private Limited	3.91%

## 22 PATTERN OF UNIT HOLDING

June 30,2022	Number of unit	Investment amount (Rupees in '000)	Percentage ---- (%) ---
<b>Category</b>			
Individuals	355	273,740	33%
Associated Companies and Directors	1	523,911	64%
Insurance Companies	1	198	0.02%
Retirement Funds	7	20,513	3%
Others	4	462	0%
	<b>368</b>	<b>818,824</b>	<b>100%</b>
June 30,2021			
<b>Category</b>			
Individuals	393	326,489	20%
Associated company and directors	1	559,232	35%
Insurance company	1	212	0%
Retirement funds	11	692,690	43%
Others	6	29,050	2%
	<b>412</b>	<b>1,607,673</b>	<b>100%</b>

## 23 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			Meetings not attended
	Held / Applicable	Attended	Leave granted	
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 Meeting
Khalid Mansoor	5	4	1	82nd Meeting
Saad Amanullah Khan	5	5	-	-
Humayun Bashir	5	5	-	-
Amjad Waheed	5	5	-	-

\*\* Mr. Tauqeer Mazhar opted as Director on the Board with effect from August 04, 2021

Mr. Syed Hassan Irtiza Kazmi has resigned from board with Effect from June 25, 2021.

## 24 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 analyze 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, money market investments such as government securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). 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.

### 24.1 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).

#### Management of market risk

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by SECP.

#### 24.1.1 Currency risk

Currency risk is 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 all transactions are carried out in Pakistani Rupees.

#### 24.1.2 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.

##### (a) Sensitivity analysis for variable rate instruments

As at 30 June 2022, the Fund holds KIBOR based interest bearing term finance certificates and bank balances exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on 30 June 2022, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 0.2889 (30 June 2021: Rs. 0.2941 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 repricing or maturity date and for off-balance sheet instruments is based on settlement date.

30-Jun-22	Yield / interest rate	Exposed to yield / interest rate risk				Total
		Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	
----- (Rupees in '000) -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5.5 % - 16.6%	177,623	-	-	169	177,792
Investments	8.79 % - 15.56%	-	24,100	104,954	528,179	657,233
Dividend and profit receivables		-	-	-	5,191	5,191
Deposits		-	-	-	2,850	2,850
		177,623	24,100	104,954	536,389	843,066
<b>Financial liabilities</b>						
Payable to NBP Fund Management Limited - Management Company		-	-	-	5,242	5,242
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	156	156
Accrued expenses and other liabilities		-	-	-	1,688	1,688
		-	-	-	7,086	7,086
<b>On-balance sheet gap</b>		177,623	24,100	104,954	529,303	835,980
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap</b>		177,623	24,100	104,954	529,303	835,980
<b>Cumulative interest rate sensitivity gap</b>		177,623	201,723	306,677		

30-Jun-21

On-balance sheet financial instruments

Financial assets

Bank balances	4.5 % - 7.75%	400,319	-	-	3,549	403,868
Investments	7.39 % - 10.8%	-	126,195	40,769	1,066,890	1,233,854
Dividend and profit receivables		-	-	-	3,436	3,436
Receivable against sale of investment		-	-	-	-	-
Deposits		-	-	-	2,850	2,850
		400,319	126,195	40,769	1,076,725	1,644,008

Yield / interest rate	Exposed to yield / interest rate risk				Total
	Upto three months	More than three months and up to one year	More than one year	Not exposed to Yield / Interest risk	
----- (Rupees in '000) -----					
Financial liabilities					
Payable to NBP Fund Management Limited - Management Company	-	-	-	10,118	10,118
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	248	248
Accrued expenses and other liabilities	-	-	-	2,020	2,020
	-	-	-	12,386	12,386
On-balance sheet gap	400,319	126,195	40,769	1,064,339	1,631,622
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	400,319	126,195	40,769	1,064,339	1,631,622
Cumulative interest rate sensitivity gap	400,319	526,514	567,283		

### 24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial

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 and 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. (Refer note 6.1 for exposure limits).

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. 26.409 million (2021: Rs. 53.344 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

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.

## 24.2 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 Term Finance Certificates is limited as the counter parties are financial institutions with reasonably high credit ratings. While bank balances are maintained with banks with a reasonably high credit rating.

The analysis below summarizes 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.

Name of Bank	Rating	2022	2021
		-----Rupees in 000-----	
Allied Bank Limited, Kse Br, Khi Bank Al-Habib Ltd. Main Br. Khi United Bank Ltd, City Br, I.I.Chndrgr Rd, Khi Habib Bank Ltd - Islamic - New Mcb Bank Ltd Meezan Bank - Ftc Cdc New Zarai Taraqiati Bank Limited National Bank Of Pakistan-Ibg (Atm)	AAA	5,205	25,707
Askari Bank Limited Main Branch Bank Al Falah Ltd. Kse Br - Cdc-Trustee Habib Metropolitan Bank, Main Br, Khi	AA+	97,963	368,652
Faysal Bank Ltd - (Naaf) Dubai Islami Bank Pakistan Limited - New	AA	153	306
Js Bank Limited - Ncf Soneri Bank Ltd, Main Br, Khi	AA-	74,003	6,356
Bankislami Pakistan Ltd - Atm	A+	468	167
Atlas Bank Ltd, Ranchor Line Br, Khi	A-	-	50
Summit Bank Ltd - Atm Current	Suspended	-	2,629
		<b>177,792</b>	<b>403,867</b>

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 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.

\*The credit rating of Summit Bank remains suspended as at June 30, 2022 as released by VIS Credit Rating Company Limited

## 24.3 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 the 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 up to 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:

	Up to three months	Over three months and up to one year	Over one year	Total
<b>30-Jun-22</b>				
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	5,242	-	-	5,242
Payable to Central Depository Company of Pakistan Limited - Trustee	156	-	-	156
Accrued expenses and other liabilities	1,688	-	-	1,688
	<u>7,086</u>	<u>-</u>	<u>-</u>	<u>7,086</u>
Unit holders' fund	<u>818,824</u>	<u>-</u>	<u>-</u>	<u>818,824</u>
<b>30-Jun-21</b>				
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	10,118	-	-	10,118
Payable to Central Depository Company of Pakistan Limited - Trustee	248	-	-	248
Accrued expenses and other liabilities	2,020	-	-	2,020
	<u>12,386</u>	<u>-</u>	<u>-</u>	<u>12,386</u>
Unit holders' fund	<u>1,607,673</u>	<u>-</u>	<u>-</u>	<u>1,607,673</u>

## 25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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. The quoted market price 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. Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).

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 fair value hierarchy.

	Carrying value			Fair value				
	At fair value through profit or loss	At Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>30-Jun-22</b>								
	----- (Rupees in '000) -----							
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
Investments								
- Listed equity securities	528,179	-	-	528,179	528,179	-	-	528,179
- Term finance certificate	30,859	-	-	30,859	-	30,859	-	30,859
- Sukkuks	74,095	-	-	74,095	-	74,095	-	74,095
- Commercial paper	24,100	-	-	24,100	-	24,100	-	24,100
	<b>657,233</b>	<b>-</b>	<b>-</b>	<b>657,233</b>	<b>528,179</b>	<b>129,054</b>	<b>-</b>	<b>657,233</b>
<b>Financial assets not measured at fair value</b>								
Bank balances	-	177,792	-	177,792	-	-	-	-
Dividend and profit receivables	-	5,191	-	5,191	-	-	-	-
Deposits	-	2,850	-	2,850	-	-	-	-
Receivable against sale of investment	-	-	-	-	-	-	-	-
	<b>-</b>	<b>185,833</b>	<b>-</b>	<b>185,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>								
Payable to National Investment Trust Limited - Management Company	-	5,242	-	5,242	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	156	-	156	-	-	-	-
Accrued expenses and other liabilities	-	1,688	-	1,688	-	-	-	-
	<b>-</b>	<b>7,086</b>	<b>-</b>	<b>7,086</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NBP BALANCED FUND



	Carrying value			Fair value				
	At fair value through profit or loss	At Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30-Jun-21	----- (Rupees in '000) -----							
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Listed equity securities	1,066,980	-	-	1,066,980	1,066,980	-	-	1,066,980
- Term finance certificate	40,769	-	-	40,769	-	40,769	-	40,769
- Sukkuks	126,195	-	-	126,195	-	126,195	-	126,195
- Term deposit receipt	-	-	-	-	-	-	-	-
	<u>1,233,944</u>	<u>-</u>	<u>-</u>	<u>1,233,944</u>	<u>1,066,980</u>	<u>166,964</u>	<u>-</u>	<u>1,233,944</u>
Financial assets not measured at fair value	27.1							
Bank balances	-	403,868	-	403,868	-	-	-	-
Dividend and profit receivables	-	3,436	-	3,436	-	-	-	-
Deposits	-	2,850	-	2,850	-	-	-	-
Receivable against sale of investment	-	149	-	149	-	-	-	-
	<u>-</u>	<u>410,303</u>	<u>-</u>	<u>410,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value	27.1							
Payable to National Investment Trust Limited - Management Company	-	10,118	-	10,118	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	248	-	248	-	-	-	-
Accrued expenses and other liabilities	-	2,020	-	2,020	-	-	-	-
	<u>-</u>	<u>12,386</u>	<u>-</u>	<u>12,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**25.1** 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.

**25.2** 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 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.

## 26 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 Fund shall be one hundred million rupees at all time during the life of the Fund.

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



In accordance with the risk management policies stated in note 24, the Fund endeavors 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.

## 27 GENERAL

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

## 28 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 Jun 30,2022	For the Year Ended Jun 30,2021	For the Year Ended Jun 30,2020	For the Year Ended Jun 30,2019	For the Year Ended Jun 30,2018	For the Year Ended Jun 30,2017
Net assets (Rs. '000')	818,824	1,607,673	1,381,719	1,404,134	1,654,024	1,847,113
Net Income/(Loss) (Rs. '000')	(72,371)	266,143	99,043	(133,647)	(118,970)	421,936
Net Asset Value per units (Rs.)	18.1367	19.3595	16.6917	16.4866	18.0084	19.2708
Selling price per unit	18.7515	20.0158	17.2575	17.0446	18.6189	19.9241
Redemption price per unit	18.1367	19.3595	16.6917	16.4866	18.0084	19.2708
Ex - Highest offer price per unit (Rs.)	20.8027	20.4580	19.5827	19.2010	20.1548	22.3718
Ex - Lowest offer price per unit (Rs.)	18.5562	16.9263	14.6604	16.9231	17.4387	16.3820
Ex - Highest redemption price per unit (Rs.)	20.1206	19.7872	18.9406	18.5716	19.4940	20.6768
Ex - Lowest redemption price per unit (Rs.)	17.9478	16.3714	14.1797	16.3682	16.8669	15.0358
Fiscal Year Opening Nav	19.3595	16.2323	15.5344	18.0084	19.2708	15.0058
Total return of the fund	-6.3%	19.3%	7.4%	-8.45%	-6.20%	28.42%
Capital growth	-6.3%	16.4%	7.4%	-8.45%	-6.20%	22.99%
Income distribution as % of Ex-NAV	-	2.83%	1.32%	-	0.00%	5.43%
Income distribution as % of Par Value	-	5.55%	6.13%	-	0.00%	8.15%
<b>Distribution</b>						
Interim Distribution per unit	-	0.5554	1.0214	-	-	0.8153
Final distribution per unit	-	-	-	-	-	0.0765
Distribution dates						
Interim		23-Jun-21	24-Jun-20			19-Jun-17
Interim						-
Interim						-
Final						15-Sep-17
<b>Average annual return (launch date January 19, 2007)</b>						
(Since inception to June 30, 2022)	11.32%					
(Since inception to June 30, 2021)		12.7%				
(Since inception to June 30, 2020)			12.18%			
(Since inception to June 30, 2019)				12.57%		
(Since inception to June 30, 2018)					14.60%	
(Since inception to June 30, 2017)						16.83%
(Since inception to June 30, 2016)						
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
(Since inception to June 30, 2011)						
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 Balanced 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 BALANCED FUND			
Resolutions	For	Against	Abstain*
10	10	Nil	N/A
100%	100%	-	-

## Head Office

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