

NBP
INCOME OPPORTUNITY
FUND

ANNUAL REPORT
2022

AM1
Rated by PACRA

MISSION STATEMENT

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

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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

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

NBP INCOME OPPORTUNITY FUND



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

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



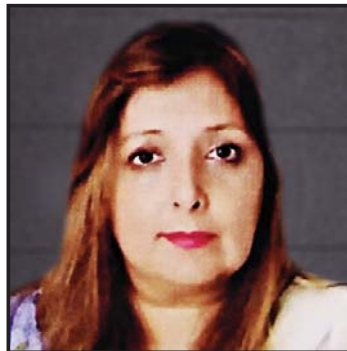
Mr. Tauqeer Mazhar
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Asim Wahab Khan, CFA
Chief Investment Officer



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation &
Strategy Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Salman Ahmed, CFA
Head of Fixed Income



Mr. Hassan Raza, CFA
Head of Research



Mr. Muhammad Umer Khan
Head of Human Resources &
Administration



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Mr. Waheed Abidi
Head of Internal Audit



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



Syed Haseeb Ahmed Shah
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 17th Annual Report of **NBP Income Opportunity Fund (NIOF)** for the year ended June 30, 2022.

Fund's Performance

During FY22, State Bank of Pakistan (SBP) held eight (08) Monetary Policy meetings and increased the discount rate from 8% to 14.75% - to counter inflationary pressures, ensure economic sustainability and safeguard external & price stability; owing to significant domestic political noise and global uncertainty. During the second half, global economic conditions deteriorated due to Russia-Ukraine conflict and burgeoning commodity prices, which pushed all the central banks across the world to confront multi-year high inflation and challenging outlook. Domestically, the inflation trajectory also remained on an uptrend due to i) sharp spike in prices of food component, ii) continued pressure on the Rupee, iii) increase in utility tariffs, and iv) reversal of fuel subsidies. Inflation as measured by CPI clocked in at 21.3% in June-22 as against 9.7% during corresponding month last year. Gross foreign exchange reserves with SBP also shrunk to USD 9.8 billion at June-22 end compared to USD 17.3 billion a year ago. The outlook for inflation has deteriorated and risks to external stability have risen, with further rate hikes likely in the initial half of the upcoming year.

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

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

The size of NBP Income Opportunity Fund has decreased from Rs. 7,954 million to Rs. 7,375 million during the period, i.e., a decline of 7%. During the said period, the unit price of the Fund has increased from Rs. 9.8237 (Ex-Div) on June 30, 2021 to Rs. 10.7953 on June 30, 2022 thus posting a return of 9.9% as compared to its Benchmark return of 10.8% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 1,108.68 million during the year. After accounting for total expenses of Rs. 196.13 million, the net income is Rs. 912.55 million. The asset allocation of NBP Income Opportunity Fund as on June 30, 2022 is as follows:



of the Management Company has approved interim cash dividend of 9.60% of the opening value) during the year ended June 30, 2022.

Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 9.60% of the opening ex-NAV (10.34% of the par value) during the year ended June 30, 2022.

Taxation

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

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Income Opportunity Fund amounting to Rs. 53.64 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 Income Opportunity Fund by 0.56% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

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

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 30 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 27 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 22 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2022, the Board included:

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

Date: **September 27, 2022**

Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP انکم اپرچونٹی فنڈ (NIOF) بصد مدت 30 جون 2022ء کو ختم ہونے والے سال کے لئے سترہویں سالانہ رپورٹ پیش کرتے ہیں۔

فنڈ کی کارکردگی

FY22 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے آٹھ (8) مانیٹری پالیسی اجلاس منعقد کیا اور اہم ملکی سیاسی شواہد 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 شرح کو 8% سے بڑھا کر 14.75% کر دیا۔ دوسری ششماہی کے دوران، روس-یوکرین تنازعہ اور ایشیا کی بڑھتی ہوئی قیمتوں کی وجہ سے عالمی اقتصادی حالات خراب ہو گئے، جس نے دنیا بھر کے تمام مرکزی بینکوں کو کئی سالوں کی بلند افراط زر اور چیلنجنگ آؤٹ لک کا سامنا کرنے پر مجبور کر دیا۔ ملکی سطح پر، افراط زر میں بھی بڑھنے کا رجحان رہا جس کی وجہ سے (i) غذائی اجزاء کی قیمتوں میں تیزی سے اضافہ، (ii) روپیہ پر مسلسل دباؤ، (iii) یوٹیلٹی ٹیرف میں اضافہ، اور (iv) ایندھن کی سبسڈی کو ختم کر دیا گیا۔ CPI کی طرف سے پیکس کردہ افراط زر جون-22 میں 21.3 فیصد تک پہنچ گیا جو گزشتہ سال کے اسی مہینے کے دوران 9.7 فیصد تھا۔ اسٹیٹ بینک پاکستان کے پاس غیر ملکی زرمبادلہ کے مجموعی ذخائر بھی ایک سال قبل 17.3 بلین امریکی ڈالر کے مقابلے میں جون-22 کے آخر میں 9.8 بلین امریکی ڈالر تک کم ہو گئے۔ افراط زر کا نقطہ نظر خراب ہو گیا اور بیرونی استحکام کے لیے خطرات بڑھ گئے ہیں، آئندہ سال کی پہلی ششماہی میں شرح مزید بڑھنے کا امکان ہے۔

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

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

کارپوریٹ ڈیٹ سیکورٹیز میں تجارتی سرگرمی کم رہی کیونکہ مجموعی تجارتی قدرتی 10.2 بلین روپے رہی۔ تاہم، مارکیٹ نے پورا اینڈ ڈسٹری بیوشن اور بینکنگ سیکٹرز میں TFCS اور سکوکس کے نئے اجراء کا مشاہدہ کیا۔

موجودہ مدت کے دوران NBP انکم اپرچونٹی فنڈ کا سائز 7,954 ملین روپے سے کم ہو کر 7,375 ملین روپے ہو گیا ہے یعنی 7% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 9.8237 روپے (EX-Div) سے بڑھ کر 30 جون 2022 کو 10.7953 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک 10.8% کے مقابلے میں 9.9% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 1,108.68 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 196.13 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 912.55 ملین روپے ہے۔

30 جون 2022 کو NIOF کی ایسٹ ایلوکیشن حسب ذیل ہے:

آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2022 کے اختتام کے بعد اویونگ ex-NAV کا 9.60% (بنیادی قدر کا 10.34%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

تعمیر

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

سندھ ورکرز ویلفیئر فنڈ (SWWF)

13 اگست 2021 کو NBP انکم اپرچونٹی فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروپوزنگ کے بعد مراسلہ نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ کلیئرٹیفیکیشن پر میچول فنڈز ایسوسی ایشن آف پاکستان کو دی گئی 53.64 ملین روپے کی رقم واپس کر دی گئی۔ پروپوزن کی اس واپسی کے باعث 13 اگست 2021 کو NBP انکم اپرچونٹی فنڈ کے NAV میں 0.56% 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 A.F. فرگوسن 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۔

لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی بیرونی 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 بیرونی کی گئی ہے۔ شاریاتی تخمینے مناسب اور معقول نظر یا ت پڑتی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی بیرونی 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 تہمی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 30 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، سی ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونڈس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 22 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 سیگل 5. جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP اینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفسر

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 Income Opportunity Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 Income Opportunity Fund

NBP Income Opportunity Fund (NIOF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NIOF is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in money market & debt securities having good credit rating and liquidity.

Benchmark

6 Month - KIBOR.

Fund Performance Review

This is the 17th Annual report since the launch of the Fund on April 21, 2006. The Fund size decreased by 7% and stands at Rs. 7,375 million as of June 30, 2022. The Fund's return since its inception is 8.5% p.a. versus the benchmark return of 10.1% p.a. During FY22, the Fund posted a return of 9.9% as compared to the benchmark return of 10.8%. The return of the Fund is net of management fee and all other expenses.

The Yield to Maturity of the Fund at year-end FY22 is around 12.9% while that of the TFC portfolio is 12.1%. The yield does not include potential recovery in fully provided TFCs (Face Value of around Rs 980 million), which is a potential upside for the Fund. The Fund's TFC portfolio allocation is fairly diversified with exposure to Banking, Financial Service, Textile Composite, Sugar & Allied Industries and Power Generation & Distribution sectors.

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. Similarly, yields on 3-year, 5-year, and 10-year PIBs surged by 4.46%, 3.44%, and 2.98%, respectively.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-22	30-Jun-21
TFCs/Sukuks	14.51%	22.59%
T-Bills	-	0.37%
Commercial Paper	7.94%	-
Margin Trading System (MTS)	-	2.13%
Equity	-	12.09%
Cash (Cash Equivalents) & Other Assets	77.55%	62.82%
Total	100.00%	100.00%

NBP INCOME OPPORTUNITY FUND



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



Distribution for the Financial Year 2021

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June 2022	10.34%	11.8011	10.7671

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investment before Provision	Provision held	Value of Investment after Provision	% Net Assets	% Gross Assets
AgriTech Limited-I	TFC	149,860,200	149,860,200	-	-	-
AgriTech Limited-V	TFC	32,320,000	32,320,000	-	-	-
ANL-7	TFC	80,475,000	80,475,000	-	-	-
ANL-ZERO COUPON	Zero Coupon TFC	195,465,000	195,465,000	-	-	-
Dewan Cement Limited	Pre IPO TFC	150,000,000	150,000,000	-	-	-
New Allied Electronics Limited	TFC	31,706,536	31,706,536	-	-	-
PACE Pakistan Limited	TFC	149,820,000	149,820,000	-	-	-
Saudi Pak Leasing Company Limited	TFC	41,321,115	41,321,115	-	-	-
Silk Bank Limited	TFC	99,920,000	27,147,465	72,772,535	1.00	0.90
Worldcall	TFC	69,157,224	69,157,224	-	-	-
Eden House Limited	Sukkuk	9,056,250	9,056,250	-	-	-
New Allied Electronics Limited-II	Sukkuk	44,148,934	44,148,934	-	-	-
Azgard Nine Limited (Non-Voting Ordinary Shares)	Equity	12,854	12,854	-	-	-
Total		1,053,263,113	980,490,578	72,772,535	1.00	0.90

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

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	518
1-1000	1,600
1001-5000	448
5001-10000	230
10001-50000	631
50001-100000	370
100001-500000	542
500001-1000000	65
1000001-5000000	60
5000001-10000000	11
10000001-100000000	7
100000001-1000000000	1
Total	4,483

During the period under question:

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Income Opportunity Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Income Opportunity Fund amounting to Rs. 53.64 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 Income Opportunity Fund by 0.56% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Income Opportunity Fund

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Net Asset Value (Refer notes 4 and 5 to the annexed financial statements)</p> <p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2022 amounted to Rs. 6,289.721 million and Rs. 1,655.898 million respectively.</p> <p>The existence of bank balances and 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 amongst others included the following:</p> <ul style="list-style-type: none"> tested the design and operating effectiveness of the key controls for valuation of investments; obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2022 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Date: September 28, 2022

UDIN : AR202210061PsuCpDhfo

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	2022	2021
		-----Rupees in '000-----	
ASSETS			
Bank balances	4	6,289,721	5,048,428
Investments	5	1,655,898	2,822,179
Receivable against margin trading system	6	-	169,506
Profit receivable	7	95,615	48,799
Receivable against issuance of units		1,298	49,272
Deposits, prepayments and other receivables	8	12,754	14,001
Total assets		8,055,286	8,152,185
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	9	65,806	71,517
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	556	632
Payable to the Securities and Exchange Commission of Pakistan	11	1,980	1,400
Payable against redemption of units		537,441	19,370
Accrued expenses and other liabilities	12	74,960	105,646
Total liabilities		680,743	198,565
NET ASSETS		7,374,543	7,953,620
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		7,374,543	7,953,620
Contingencies and commitments	13		
		-----Number of units-----	
Number of units in issue	14	683,124,305	738,698,845
		-----Rupees-----	
Net asset value per unit	16	10.7953	10.7671

The annexed notes from 1 to 33 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
-----Rupees in '000-----			
INCOME			
Profit on bank balances and term deposit receipts		614,883	248,711
Income on certificates of investments		3,090	-
Income on term finance certificates and sukuk certificates		149,289	174,123
Income on government securities		129,590	67,669
Income on commercial papers		50,997	3,016
Income on letters of placement		28,578	10,628
Income from margin trading system		4,059	25,337
Income on spread transactions		27,591	76,715
Dividend income		9,355	30,691
Other income	5.4.1	5,820	4,806
Gain / (loss) on sale of investments		4,787	(12,994)
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' - net	5.12	28,511	30,624
		33,298	17,630
Total income		1,056,550	659,326
EXPENSES			
Remuneration of NBP Fund Management Limited - the Management Company	9.1	60,299	41,385
Sindh Sales Tax on remuneration of the Management Company	9.2	7,839	5,380
Reimbursement of allocated expense	9.3	12,374	8,391
Reimbursement of selling and marketing expenses	9.4	69,292	48,989
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1	7,424	5,249
Sindh Sales Tax on remuneration of the Trustee	10.2	965	682
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	1,980	1,400
Provision against non-performing term finance certificates	21	27,149	-
Securities transaction cost		4,823	20,024
Settlement and bank charges		1,742	3,698
Auditors' remuneration	15	820	695
Legal and professional charges		665	205
Printing charges		161	140
Annual rating fee		576	523
Annual listing fee		28	28
Total expenses		196,137	136,789
Net income from operating activities		860,413	522,537
Reversal of provision / (provision) against Sindh Workers' Welfare Fund	12.1	52,133	(10,451)
Net income for the year before taxation		912,546	512,086
Taxation	18	-	-
Net income for the year after taxation		912,546	512,086
Earning per unit	19		
Allocation of net income for the year			
Net income for the year after taxation		912,546	512,086
Income already paid on units redeemed		(355,942)	(138,827)
		556,604	373,259
Accounting income available for distribution:			
- Relating to capital gains		33,298	-
- Excluding capital gains		523,306	373,259
		556,604	373,259

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

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

	2022	2021
	-----Rupees in '000-----	
Net income for the year after taxation	912,546	512,086
Other comprehensive income	-	-
Total comprehensive income for the year	<u>912,546</u>	<u>512,086</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- Rupees in '000 -----						
Net assets at the beginning of the year	7,441,129	512,491	7,953,620	3,496,668	503,749	4,000,417
Issue 1,209,586,463 units (2021: 1,047,353,694 units)						
- Capital value (at ex-net asset value per unit)	13,023,738	-	13,023,738	11,264,289	-	11,264,289
- Element of income	343,703	-	343,703	481,661	-	481,661
Total proceeds on issuance of units	13,367,441	-	13,367,441	11,745,950	-	11,745,950
Redemption of 1,265,161,003 units (2021: 680,615,059 units)						
- Capital value (at ex-net asset value per unit)	(13,622,115)	-	(13,622,115)	(7,320,015)	-	(7,320,015)
- Element of loss	(242,574)	(355,942)	(598,516)	(251,198)	(138,827)	(390,025)
Total payments on redemption of units	(13,864,689)	(355,942)	(14,220,631)	(7,571,213)	(138,827)	(7,710,040)
Total comprehensive income for the year	-	912,546	912,546	-	512,086	512,086
Distribution for the year ended June 30, 2022 @ Rs. 1.0340 per unit declared on June 24, 2022	(99,738)	(538,695)	(638,433)	-	-	-
Distribution for the year ended June 30, 2021 @ Re. 0.8285 per unit declared on June 28, 2021	-	-	-	(230,276)	(364,517)	(594,793)
Total distribution during the year	(99,738)	(538,695)	(638,433)	(230,276)	(364,517)	(594,793)
Net assets at end of the year	6,844,143	530,400	7,374,543	7,441,129	512,491	7,953,620
Undistributed income brought forward						
- Realised income		481,867			503,795	
- Unrealised income / (loss)		30,624			(46)	
		512,491			503,749	
Accounting income available for distribution						
- Relating to capital gain		33,298			-	
- Excluding capital gains		523,306			373,259	
		556,604			373,259	
Total distribution during the year		(538,695)			(364,517)	
Undistributed income carried forward		530,400			512,491	
Undistributed income carried forward						
- Realised income		501,889			481,867	
- Unrealised income		28,511			30,624	
		530,400			512,491	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			10.7671			10.7550
Net assets value per unit at the end of the year			10.7953			10.7671

The annexed notes from 1 to 33 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

Note	2022	2021
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	912,546	512,086
Adjustments:		
Profit on bank balances and term deposit receipts	(614,883)	(248,711)
Income on certificates of investments	(3,090)	-
Income on term finance certificates and sukuk certificates	(149,289)	(174,123)
Income on government securities	(129,590)	(67,669)
Income on commercial papers	(50,997)	(3,016)
Income on letters of placement	(28,578)	(10,628)
Income from margin trading system	(4,059)	(25,337)
Income on spread transactions	(27,591)	(76,715)
Dividend income	(9,355)	(30,691)
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' - net	5.12 (28,511)	(30,624)
Other income	5.4.1 (5,820)	(4,806)
(Reversal of provision) / provision against Sindh Workers' Welfare Fund	12.1 (52,133)	10,451
	<u>(1,103,896)</u>	<u>(661,869)</u>
	(191,350)	(149,783)
Decrease / (increase) in assets		
Investments - net	1,170,887	80,917
Receivable against margin trading system	169,506	(103,814)
Deposits, prepayments and other receivables	1,247	(2,627)
	1,341,640	(25,524)
(Decrease) / Increase in liabilities		
Payable to NBP Fund Management Limited - the Management Company	(5,711)	17,520
Payable to Central Depository Company of Pakistan Limited - the Trustee	(76)	344
Payable to the Securities and Exchange Commission of Pakistan	580	436
Accrued expenses and other liabilities	21,447	6,484
	16,240	24,784
Income received on bank balances, term deposit receipts, term finance certificates, letters of placement, commercial papers, sukuk certificates, government securities, margin trading system and spread transactions	961,261	620,215
Dividend received	9,355	30,691
	<u>2,137,146</u>	<u>500,383</u>
Net cash generated from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units - net of refund of element	13,315,677	11,483,038
Net payments against redemption of units	(13,702,560)	(7,691,892)
Distributions paid	(538,695)	(364,517)
Net cash generated from / (used in) financing activities	<u>(925,578)</u>	<u>3,426,629</u>
Net increase in cash and cash equivalents during the year	1,211,568	3,927,012
Cash and cash equivalents at the beginning of the year	5,078,153	1,151,141
Cash and cash equivalents at the end of the year	17 <u>6,289,721</u>	<u>5,078,153</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.
For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 NBP Income Opportunity Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 30 January 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on November 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

1.3 The Fund has been categorised as an open ended 'Income Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from April 21, 2006 and are transferable and redeemable by surrendering them to the Fund.

1.4 The objective of the Fund is to seek maximum preservation of capital and a reasonable rate of return by investing in money market and debt securities having good credit rating and liquidity. Other avenues of investments include ready future arbitrage in listed securities and transactions under margin trading system.

1.5 The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 (2021: AM1 on June 23, 2021) on June 22, 2022. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has upgraded the stability rating of the Fund at "A+(f)" dated April 19, 2022 (2021: "A(f)" on April 16, 2021).

1.6 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

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

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

2.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.3 and 5), provision for SWWF (note 12.1), provision for FED (note 9.5) and provision for taxation (notes 3.13 and 18).

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.2 Cash and cash equivalents

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

3.3 Financial assets

3.3.1 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.

3.3.2 Classification and subsequent measurement

Debt instruments

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

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

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVTPL. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

3.3.3 Impairment

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

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

3.3.4 Impairment loss on debt securities

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

3.3.5 Regular way contracts

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

3.3.6 Derecognition

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

3.4 Financial liabilities

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

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

3.5 Offsetting of financial assets and financial liabilities

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

3.6 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.

3.7 Net asset value per unit

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

3.8 Issue and redemption of units

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

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

3.9 Distributions to unit holders

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

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

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

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

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- "Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the year in which these arise."
- Profit on bank balances, term deposit receipts, letters of placement, commercial papers and margin trading system are recognised on an accrual basis.
- Income from investments in sukuk certificates, term finance certificates and government securities are recognised on an accrual basis using effective interest rate method.

3.12 Expenses

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

3.13 Taxation

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

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

3.14 Earnings per unit

Earnings per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 19.

3.15 Foreign currency translation

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

	Note	2022 -----Rupees in '000-----	2021
4 BANK BALANCES			
Current accounts	4.1	70	7,220
Savings accounts	4.2	6,289,651	5,041,208
		<u>6,289,721</u>	<u>5,048,428</u>

4.1 This includes a balance of Rs. 0.07 million (2021: Rs. 0.07 million), maintained with National Bank of Pakistan (related party).

4.2 These include balances of Rs 6.312 million (2021: Rs 4.625 million), Rs 2.190 million (2021: Rs. 7.648 million), Rs 329.901 million (2021: 611.227) and Rs 0.007 million (2021: Rs 0.007 million) maintained with BankIslami Pakistan Limited, National Bank of Pakistan, Khushhali Bank Limited and Telenor Microfinance Bank (related parties) respectively, that carry profit at the rate of 15.25% (2021: 6.80%), 12.25% (2021: 4.50%), 17.00% (2021: 8.50%) and 16.50% (2021: 5.50%) per annum respectively. Other savings accounts of the Fund carry profit rates ranging from 13.00% to 17.25% (2021: 6.90% to 9.00%) per annum.

NBP INCOME OPPORTUNITY FUND



5 INVESTMENTS	Note	2022	2021
		-----Rupees in '000-----	
At fair value through profit or loss			
Equity securities	5.1	-	-
Equity securities (spread transactions)	5.2	-	961,248
Government securities - Market Treasury Bills	5.3	-	29,725
Term finance certificates - non-performing securities	5.4	72,771	-
Term finance certificates	5.5	284,805	816,660
Corporate sukuk certificates	5.6	712,797	980,347
Corporate sukuk certificates - non-performing securities	5.7	-	-
Commercial papers	5.8	585,525	-
Letters of placement	5.9	-	-
Future stock contracts	5.10	-	34,199
Certificates of investment	5.11	-	-
		<u>1,655,898</u>	<u>2,822,179</u>

5.1 Equity securities

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

Investee Company	Number of shares					Market value as at June 30, 2022	Percentage in relation to		
	As at July 01, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022		Net assets of the Fund	Total market value of the	Paid-up capital of the investee

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

PERSONAL GOODS

Azgard Nine Limited - Non-voting*	308	-	-	-	308	-	-	-	-
Total						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying value as at June 30, 2022						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Market value as at June 30, 2021						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying value as at June 30, 2021						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

5.2 Equity securities (spread transactions)

Investee Company	Number of shares				Market value as at June 30, 2022	Percentage in relation to		
	As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022		Net assets of the Fund	Total market value of the	Paid-up capital of the investee

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

AUTOMOBILE ASSEMBLER

Pak Suzuki Motor Company Limited	74,000	48,500	122,500	-	-	-	-	-
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AUTOMOBILE PARTS & ACCESSORIES

The General Tyre and Rubber Company of Pakistan Limited	-	-	-	-	-	-	-	-
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NBP INCOME OPPORTUNITY FUND



Investee Company	Number of shares				Market value as at June 30, 2022	Percentage in relation to		
	As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022		Net assets of the Fund	Total market value of the	Paid-up capital of the investee
Rupees in '000 ----- % -----								
CEMENT								
D.G. Khan Cement Company Limited	764,500	1,031,000	1,795,500	-	-	-	-	-
Fauji Cement Company Limited	432,000	241,000	673,000	-	-	-	-	-
Maple Leaf Cement Factory Limited	1,436,500	712,000	2,148,500	-	-	-	-	-
Lucky Cement Limited	-	273,000	273,000	-	-	-	-	-
Pioneer Cement Limited	582,500	1,436,500	2,019,000	-	-	-	-	-
Cherat Cement Company Limited	225,000	135,000	360,000	-	-	-	-	-
COMMERCIAL BANKS								
Habib Bank Limited	39,000	-	39,000	-	-	-	-	-
The Bank of Punjab	1,500	35,000	36,500	-	-	-	-	-
FERTILIZER								
Engro Corporation Limited	-	500	500	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	527,500	820,500	1,348,000	-	-	-	-	-
POWER GENERATION AND DISTRIBUTION								
K-Electric Limited	282,000	187,000	469,000	-	-	-	-	-
Kot Addu Power Company Limited	860,000	336,500	1,196,500	-	-	-	-	-
OIL AND GAS EXPLORATION COMPANIES								
Oil and Gas Development Company Limited	524,500	3,073,500	3,598,000	-	-	-	-	-
Pakistan Petroleum Limited	60,000	545,000	605,000	-	-	-	-	-
OIL AND GAS MARKETING COMPANIES								
Pakistan State Oil Company Limited	843,500	1,538,500	2,382,000	-	-	-	-	-
Sui Northern Gas Pipelines Limited	713,000	1,827,500	2,540,500	-	-	-	-	-
FOOD AND PERSONAL CARE PRODUCTS								
The Organic Meat Company Limited	-	249,500	249,500	-	-	-	-	-
Unity Food Limited	-	14,245,500	14,245,500	-	-	-	-	-
REFINERY								
Byco Petroleum Pakistan Limited	7,018,000	47,184,500	54,202,500	-	-	-	-	-
CABLE AND ELECTRICAL GOODS								
Pak Elektron Limited	791,000	2,960,000	3,751,000	-	-	-	-	-
Waves Singer Pakistan Limited	-	2,537,000	2,537,000	-	-	-	-	-
PHARMACEUTICALS								
The Searle Company Limited	45,000	169,000	214,000	-	-	-	-	-
ENGINEERING								
International Industries Limited	100,500	495,000	595,500	-	-	-	-	-
Aisha Steel Limited	459,500	513,500	973,000	-	-	-	-	-
Mughal Iron and Steel industries Limited	40,500	393,000	433,500	-	-	-	-	-
Amreli Steels Limited	42,000	29,000	71,000	-	-	-	-	-

NBP INCOME OPPORTUNITY FUND



Investee Company	Number of shares				Market value as at June 30, 2022	Percentage in relation to		
	As at July 01, 2021	Purchased during the year	Sold during the year	As at June 30, 2022		Net assets of the Fund	Total market value of the	Paid-up capital of the investee
Rupees in '000 ----- % -----								
TEXTILE COMPOSITE								
Nishat Mills Limited	401,500	329,000	730,500	-	-	-	-	-
Nishat Chunian Limited	1,188,000	2,955,000	4,143,000	-	-	-	-	-
TECHNOLOGY AND COMMUNICATION								
Avanceon Limited	-	2,372,500	2,372,500	-	-	-	-	-
Pakistan Telecommunication Company Limited	588,500	95,500	684,000	-	-	-	-	-
GLASS & CERAMICS								
Tariq Glass Industries Limited	140,500	25,500	166,000	-	-	-	-	-
TRANSPORT								
Pakistan International Bulk Terminal Limited	2,577,000	5,717,000	8,294,000	-	-	-	-	-
CHEMICAL								
Engro Polymer & Chemicals Limited	139,500	163,500	303,000	-	-	-	-	-
Lotte Chemical Pakistan Limited	23,500	846,500	870,000	-	-	-	-	-
Descon Oxychem Limited	-	5,000	5,000	-	-	-	-	-
Total					-	-	-	-
Carrying value as at June 30, 2022					-			
Market value as at June 30, 2021					961,248			
Carrying value as at June 30, 2021					994,377			

5.2.1 The movement in equity securities represents spread transactions entered into by the Fund. The Fund purchased equity securities in ready settlement market and sold them in future settlement market earning income on spread transactions due to difference in ready and future stock prices.

5.3 Government securities - Market Treasury Bills

Issue date	Tenor in months	Face value				Market value as at June 30, 2022	Percentage in relation to	
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022		Net assets of the Fund	Total market value of the investment
----- Rupees in '000 ----- % -----								
June 3, 2021	3	10,000	-	10,000	-	-	-	-
May 20, 2021	3	20,000	300,000	320,000	-	-	-	-
August 27, 2020	12	-	105,000	105,000	-	-	-	-
March 25, 2021	6	-	660,000	660,000	-	-	-	-
May 6, 2021	6	-	2,825,000	2,825,000	-	-	-	-
June 3, 2021	6	-	1,250,000	1,250,000	-	-	-	-
July 15, 2021	3	-	500,000	500,000	-	-	-	-
July 29, 2021	3	-	600,000	600,000	-	-	-	-
August 12, 2021	3	-	500,000	500,000	-	-	-	-

NBP INCOME OPPORTUNITY FUND



Issue date	Tenor in months	Face value				Market value as at June 30, 2022	Percentage in relation to	
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022		Net assets of the Fund	Total market value of the investment
		----- Rupees in '000 -----				----- % -----		
August 12, 2021	6	-	500,000	500,000	-	-	-	-
August 26, 2021	6	-	500,000	500,000	-	-	-	-
September 9, 2021	6	-	500,000	500,000	-	-	-	-
September 23, 2021	3	-	725,000	725,000	-	-	-	-
October 21, 2021	3	-	200,000	200,000	-	-	-	-
November 4, 2021	3	-	1,614,000	1,614,000	-	-	-	-
December 2, 2021	3	-	750,000	750,000	-	-	-	-
December 16, 2021	3	-	1,750,000	1,750,000	-	-	-	-
December 30, 2021	3	-	1,750,000	1,750,000	-	-	-	-
January 27, 2022	6	-	1,500,000	1,500,000	-	-	-	-
February 10, 2022	3	-	1,980,000	1,980,000	-	-	-	-
April 21, 2022	3	-	1,000,000	1,000,000	-	-	-	-
April 28, 2022	3	-	600,000	600,000	-	-	-	-
Total								
Carrying value as at June 30, 2022								
Market value as at June 30, 2021						29,725		
Carrying value as at June 30, 2021						29,723		

5.3.1 Market treasury bills with a market value of Rs Nil (2021: Rs. 29.725 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 October 23, 2007 issued by the SECP.

5.4 Term finance certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions during the year	As at June 30, 2022	Market value as at June 30, 2022	Percentage in	
					----- Number of certificates -----				Rupees in '000	Net assets of the	Total market value of
CEMENT											
Dewan Cement Limited TFC (Face value of Rs. 5,000 per certificate)	Unrated	-	January 17, 2030	6 months KIBOR plus base rate of 2%	30,000	-	-	30,000	-	-	-
CHEMICAL											
Agri-tech Limited TFC V (Face value of Rs. 5,000 per certificate)	Unrated	-	January 1, 2025	11% fixed rate	6,464	-	-	6,464	-	-	-
Agri-tech Limited TFC I (Face value of Rs. 4,995 per certificate)	CCC, PACRA	-	November 29, 2025	6 months KIBOR plus base rate of 1.75%	30,000	-	-	30,000	-	-	-
COMMERCIAL BANKS											
Silk Bank Limited TFC (Face value of Rs. 4,995.5 per certificate) (Note 5.4.2)	BBB+, VIS	Semi-Annually	August 10, 2025	6 months KIBOR plus base rate of 1.85%	20,000	-	-	20,000	72,771	0.01%	0.04%
LEASING COMPANIES											
Saudi Pak Leasing Company Limited - TFC II (Face value of Rs. 2,755 per certificate)	Unrated	-	March 13, 2013	6.87%	15,000	-	-	15,000	-	-	-

NBP INCOME OPPORTUNITY FUND



Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions during the year	As at June 30, 2022	Market value as at June 30, 2022	Percentage in	
										Net assets of the	Total market value of
----- Number of certificates-----									Rupees in '000	----- % -----	
TECHNOLOGY & COMMUNICATION											
Worldcall Telecom Limited - TFC III (Face value of Rs. 1,666 per certificate)	D, PACRA	Quarterly	October 7, 2013	6 months KIBOR plus base rate of 1.6%	45,000	-	-	45,000	-	-	-
TEXTILE COMPOSITE											
Azgard Nine Limited - Zero Coupon (Face value of Rs. 5,000 per certificate)	Unrated	-	April 29, 2031	Zero - coupon bond	-	39,093	-	39,093	-	-	-
Azgard Nine Limited VII (PPTFC) (Face value of Rs. 5,000 per certificate)	Unrated	-	April 29, 2031	5.00%	-	16,095	-	16,095	-	-	-
Azgard Nine Limited III (Face value of Rs. 2,168 per certificate)	Unrated	-	December 4, 2025	6 months KIBOR plus base rate of 2.25%	50,000	-	50,000	-	-	-	-
Azgard Nine Limited V (PPTFC) (Face value of Rs. 5,000 per certificate)	Unrated	-	March 31, 2021	Zero - coupon bond	16,436	-	16,436	-	-	-	-
MISCELLANEOUS											
PACE Pakistan Limited TFC (Face value of Rs. 4,994 per certificate)	Unrated	-	February 15, 2017	6 months KIBOR plus base rate of 2.00%	30,000	-	-	30,000	-	-	-
New Allied Electronic Industries (Private) Limited TFC (Face value of Rs. 2,114 per certificate)	Unrated	-	November 15, 2022	3 months KIBOR plus base rate of 3%	15,000	-	-	15,000	-	-	-
Total									<u>72,771</u>	<u>0.01%</u>	<u>0.04%</u>
Carrying value as at June 30, 2022									<u>72,771</u>		
Market value as at June 30, 2021									<u>-</u>		
Carrying value as at June 30, 2021									<u>-</u>		

5.4.1 "The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly had been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 927.273 (2021: 815.779) million against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012."

During the year, the Fund has received Rs 5.820 million (2021: Rs 4.806 million) against recovery of provided term finance certificate of World Call.

5.4.2 During this financial period, Silk Bank Limited - TFC was declared non-performing, as per Circular no. 1 of 2009 and Circular no. 33 of 2012, due to failure of profit and principal payment which was due on February 10, 2022.

5.5 Term finance certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions during the year	As at June 30, 2022	Market value as at June 30, 2022	Percentage in relation to	
										Net assets of the Fund	Total market value of the investment
									Number of certificates	Rupees in '000	%
COMMERCIAL BANKS											
JS Bank Limited TFC (Face value of Rs. 4,990 per certificate)	A+, PACRA	Semi-Annually	December 14, 2023	6 months KIBOR plus base rate of 1.4%	60,000	-	60,000	-	-	-	-
JS Bank Limited - TFC (2nd Issue) (Face value of Rs. 99,820 per certificate)	A+, PACRA	Semi-Annually	December 29, 2024	6 months KIBOR plus base rate of 1.4%	1,000	-	500	500	50,160	0.68%	3.03%
The Bank of Punjab - TFC (2nd Issue) (Face value of Rs. 99,900 per certificate)	AA-, PACRA	Semi-Annually	April 23, 2028	6 months KIBOR plus base rate of 1.25%	1,500	-	600	900	90,037	1.22%	5.44%
Al Baraka Bank (Pakistan) Ltd.	A+, PACRA	Semi-Annually	December 22, 2031	6 months KIBOR plus base rate of 1.5%	-	25	-	25	25,000	0.34%	1.51%
INVESTMENT COMPANIES											
Jahangir Siddiqui and Company Limited - TFC (5th issue) (Face value of Rs. 2,500 per certificate)	AA+, PACRA	Semi-Annually	July 18, 2023	6 months KIBOR plus base rate of 1.4%	23,340	-	-	23,340	42,120	0.57%	2.54%
Jahangir Siddiqui and Company Limited - TFC (6th Issue) (Face value of Rs. 4,167 per certificate)	AA+, PACRA	Semi-Annually	March 6, 2023	6 months KIBOR plus base rate of 1.4%	30,000	-	-	30,000	77,488	1.05%	4.68%
MISCELLANEOUS											
Kashf Foundation - PPTFC (Face value of Rs. 916,667 per certificate)	A, PACRA	Quarterly	September 30, 2023	3 months KIBOR plus base rate of 2.25%	20	-	20	-	-	0.00%	0.00%
Total									284,805	3.86%	17.20%
Carrying value as at June 30, 2022									263,519		
Market value as at June 30, 2021									816,660		
Carrying value as at June 30, 2021									840,853		

5.6 Corporate sukuk certificates

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions during the year	As at June 30, 2022	Market value as at June 30, 2022	Percentage in relation to	
										Net assets of the Fund	Total market value of the investment
									Number of certificates	Rupees in '000	%
COMMERCIAL BANKS											
Meezan Bank Limited Sukuk IV (Face value of Rs. 1,000,000 per certificate)	AAA, VIS	Semi-Annually	December 16, 2031	6 months KIBOR plus base rate of 0.35%	-	85	85	-	-	-	-
CEMENT											
Javedan Corporation Limited Sukuk I (Face value of Rs. 100,000 per certificate)	AA-, VIS	Semi-Annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	1,000	-	600	400	29,784	0.40%	1.80%
TECHNOLOGY AND COMMUNICATION											
TPL Trakker Limited Sukuk (Face value of Rs. 1000,000 per certificate)	A+, PACRA	Semi-Annually	March 30, 2026	6 months KIBOR plus base rate of 1.40%	50	-	50	-	-	-	-

NBP INCOME OPPORTUNITY FUND



Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions during the year	As at June 30, 2022	Market value as at June 30, 2022	Percentage in relation to	
										Net assets of the Fund	Total market value of the investment
									Number of certificates	Rupees in '000	%
POWER GENERATION & DISTRIBUTION											
K-Electric Limited - Sukuk - V (Face value of Rs. 5,000 per certificate)	AA+, VIS	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.7%	80,000	-	9,000	71,000	362,526	4.92%	21.89%
The Hub Power Company Limited Sukuk (3rd Issue) (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.9%	1,000	-	-	1,000	78,908	1.07%	4.77%
TEXTILE COMPOSITE											
Masood Textile Mills Limited Sukuk I (Face value of Rs. 5,000 per certificate)	A, VIS	Quarterly	December 17, 2024	3 months KIBOR plus base rate of 2.0%	1,000	-	1,000	-	-	-	-
MISCELLANEOUS											
Hub Power Holding Limited Sukuk (Face value of Rs. 100,000 per certificate)	AA+, PACRA	Semi-Annually	November 12, 2025	6 months KIBOR plus base rate of 2.5%	2,000	-	-	2,000	194,055	2.63%	11.72%
Shakarganj Food Products Limited Sukuk I (Face value of Rs. 850,000 per certificate)	BBB+, VIS	Quarterly	July 10, 2024	3 months KIBOR plus base rate of 1.75%	70	-	-	70	47,525	0.64%	2.87%
Total									712,797	9.66%	43.05%
Carrying value as at June 30, 2022									705,572		
Market value as at June 30, 2021									980,347		
Carrying value as at June 30, 2021									926,602		

5.7 Corporate sukuk certificates - non-performing securities

Name of the security	Security rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions during the year	As at June 30, 2022	Market value as at June 30, 2022	Percentage in relation to	
										Net assets of the Fund	Total market value of the investment
									Number of certificates	Rupees in '000	%
MISCELLANEOUS											
New Allied Electronic Industries (Private) Limited - Sukuk II (Face value of Rs. 4,905 per certificate)	Unrated	-	December 3, 2025	6 months KIBOR plus base rate of 2.2%	9,000	-	-	9,000	-	-	-
Eden Housing Limited Sukuk (2nd Issue) (Face value of Rs. 984 per certificate)	D, VIS	-	September 29, 2025	6 months KIBOR plus base rate of 2.5%	9,200	-	-	9,200	-	-	-
Total									-	-	-
Carrying value as at June 30, 2022									-		
Market value as at June 30, 2021									-		
Carrying value as at June 30, 2021									-		

5.7.1 The investee companies had defaulted on its obligation on account of principal and profit payments and accordingly have been classified as a non performing asset by Mutual Funds Association of Pakistan (MUFAP). The accumulated provision amounting to Rs. 53.218 million (2021: Rs 53.218 million) against investee companies have been maintained by valuing the investments as per Circular no. 1 of 2009 and Circular no. 33 of 2012.

5.8 Commercial papers

Name of security	Rating	Face value				Market value as at June 30, 2022	Market value as a percentage of total investments	Market value as a percentage of net assets
		As at July 1, 2021	Purchased during the year	Disposed off / matured during the year	As at June 30, 2022			
----- Rupees in '000 ----- % -----								
TECHNOLOGY AND COMMUNICATION								
TPL Corporation Limited CP	A-, PACRA	-	25,000	25,000	-	-	-	-
TPL Corporation Limited CP	A-, PACRA	-	25,000	25,000	-	-	-	-
POWER GENERATION & DISTRIBUTION								
K Electric Limited CP	AA, PACRA	-	320,000	320,000	-	-	-	-
Waves Singer Pakistan Limited	A-2, VIS	-	100,000	-	100,000	99,191	5.99	1.35
Lucky Electric Power Company Limited	AA-, PACRA	-	240,000	240,000	-	-	-	-
Lucky Electric Power Company Limited	AA-, PACRA	-	250,000	-	250,000	249,082	15.04	3.38
Lucky Electric Power Company Limited	AA-, PACRA	-	250,000	-	250,000	237,252	14.33	3.22
Total						585,525	35.36	7.94
Carrying value as at June 30, 2022						<u>585,525</u>		
Market value as at June 30, 2021						<u>-</u>		
Carrying value as at June 30, 2021						<u>-</u>		

5.8.1 These carry yield ranging from 9.58% to 12.97% (2021: Nil) per annum and are due to mature latest by July 21, 2022.

5.9 Letters of placement

Name of the Investee Company	Rating	Maturity date	Profit rate	Amount placed		As at June 30, 2022	As at June 30, 2022		Market value as a	
				Purchased during the year	Matured during the year		Carrying value	Market value	Total investme	Net asset
----- (Rupees in '000) ----- (%) -----										
DEVELOPMENT FINANCE INSTITUTION										
Pak Oman Investment Company Limited	AA+, VIS	December 7, 2021	9.00%	525,000,000	525,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	AAA, PACRA	December 13, 2021	9.22%	525,000,000	525,000,000	-	-	-	-	-
Pak Brunei Investment Company Limited	AA+, VIS	March 3, 2022	10.15%	700,000,000	700,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	AAA, PACRA	April 12, 2022	12.40%	800,000,000	800,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	AA+, VIS	April 15, 2022	12.50%	500,000,000	500,000,000	-	-	-	-	-
Pak Kuwait Investment Company Limited	AAA, PACRA	April 21, 2022	12.50%	801,087,123	801,087,123	-	-	-	-	-
Pak Oman Investment Company Limited	AA+, VIS	April 29, 2022	12.50%	501,198,630	501,198,630	-	-	-	-	-
Pak Kuwait Investment Company Limited	AAA, PACRA	May 6, 2022	12.50%	803,556,227	803,556,227	-	-	-	-	-
Pak Libya Holding Company Private Limited	AA-, PACRA	May 9, 2022	12.90%	800,000,000	800,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	AA+, VIS	May 13, 2022	12.75%	800,000,000	800,000,000	-	-	-	-	-
Pak Libya Holding Company Private Limited	AA+, VIS	May 16, 2022	12.95%	802,827,397	802,827,397	-	-	-	-	-
Pak Libya Holding Company Private Limited	AA+, VIS	May 24, 2022	13.00%	804,821,268	804,821,268	-	-	-	-	-
Pak Libya Holding Company Private Limited	AA+, VIS	May 27, 2022	14.15%	807,114,457	807,114,457	-	-	-	-	-
Total as at June 30, 2022						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total as at June 30, 2021						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5.10 This represents unrealised loss amounting to Nil (2021: 34.199 million) on mark to market of future stock contracts.

5.11 Certificates of investment

Name of the bank	Rating	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	Matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation	Market value as a percentage of	
											total investments of the Fund	net assets of the Fund
----- (Rupees in '000) -----											----- % -----	
Pak Oman Investment Company Limited	AA+, VIS	April 18, 202	11.75%	-	300	300	-	-	-	-	-	-
Total as at June 30, 2022								-	-	-	-	-
Total as at June 30, 2021								-	-	-	-	-

	Note	2022	2021
-----Rupees in '000-----			
5.12 Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss' - net			
Market value of investments	5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.8,	1,655,898	2,822,179
Less: carrying value of investments	5.9, 5.10 & 5.11	(1,627,387)	(2,791,555)
		<u>28,511</u>	<u>30,624</u>
6 RECEIVABLE AGAINST MARGIN TRADING SYSTEM			
Receivable against MTS	6.1	-	169,506
7 PROFIT RECEIVABLE			
Profit receivable on:			
- Bank balances		71,625	23,782
- Margin trading system		-	1,120
- Term finance certificates and sukuk certificates		23,990	23,897
		<u>95,615</u>	<u>48,799</u>
8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
-----Rupees in '000-----			
Prepaid annual rating fee		301	274
Security deposit with the Central Depository Company of Pakistan Limited *		100	100
Security deposit with the National Clearing Company of Pakistan*		2,750	2,750
Advance tax	8.1	9,603	10,877
		<u>12,754</u>	<u>14,001</u>

* related party balances

- 8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank balances and debt securities paid to the Fund was 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 May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholders. The tax withheld on profit on bank balances and debt securities amounting to Rs. 9.603 million (2021: 10.877 million).

For this purpose, Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank balances and debt securities has been shown as other receivable as at June 30, 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded to the Fund.

9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY	Note	2022	2021
			-----Rupees in '000-----	
	Remuneration of the Management Company	9.1	5,726	4,107
	Sindh Sales Tax on remuneration of the Management Company	9.2	744	534
	Reimbursement of Allocated expenses payable	9.3	2,644	2,923
	Reimbursement of Selling and marketing expenses payable	9.4	14,809	16,370
	Sales and transfer load payable		611	5,959
	Sindh Sales Tax on sales and transfer load		141	775
	Federal Excise Duty on remuneration of the Management Company and sales load	9.5	40,695	40,695
	ADC charges payable including Sindh Sales Tax		436	154.00
			<u>65,806</u>	<u>71,517</u>

- 9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 6% (2021: 6%) of net income, subject to floor and capping of 0.5% and 1% per annum of the average net assets of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.
- 9.2 During the year, an amount of Rs. 7.839 million (2021: Rs. 5.380 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2021: 13%).
- 9.3 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).

Accordingly, the Management Company based on its discretion has charged allocated expenses as per the following rates:

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

- 9.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

Accordingly, the Management Company based on its own discretion has charged selling and marketing expenses at the rate of 0.7% (June 30, 2020: 0.7%) of the average annual net assets of the Fund and the same has also been approved by the Board of Directors of the Management Company.

- 9.5** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sales load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honourable High Court of Sindh (HCS) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 40.695 million (2020: Rs 40.695 million) is being retained in these financial statements as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at June 30, 2022 would have been higher by Re 0.0596 (2021: Re 0.055) per unit.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2022	2021
			-----Rupees in '000-----	
	Trustee remuneration	10.1	492	559
	Sindh Sales Tax on trustee remuneration	10.2	64	73
			<u>556</u>	<u>632</u>

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

- 10.2** During the year, an amount of Rs 0.965 million (2021: Rs 0.682 million) was charged on account of Sindh sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2021: 13%).

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2022	2021
			----- (Rupees in 000) -----	
	Annual fee payable	11.1	<u>1,980</u>	<u>1,400</u>

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

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
			-----Rupees in '000-----	
	Auditors' remuneration payable		552	538
	Provision for Sindh Workers' Welfare Fund	12.1	-	52,133
	Brokerage fee payable		26	2,972
	Settlement charges payable		152	244
	Printing charges payable		113	74
	Withholding tax payable		60,638	39,672
	Capital gain tax payable		12,720	9,434
	Legal and professional charges payable		414	364
	Other payable		345	215
			<u>74,960</u>	<u>105,646</u>

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

During the year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision of SWWF amounting to Rs. 53.64 million recognised in the financial statements of the Fund, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these financial statements of the Fund.

13 CONTINGENCIES AND COMMITMENTS

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

14	NUMBER OF UNITS IN ISSUE	2022	2021
		-----Number of units-----	
	Total units in issue at the beginning of the year	738,698,845	371,960,210
	Add: units issued during the year	1,209,586,463	1,047,353,694
	Less: units redeemed during the year	<u>(1,265,161,003)</u>	<u>(680,615,059)</u>
	Total units in issue at the end of the year	<u>683,124,305</u>	<u>738,698,845</u>

15 AUDITORS' REMUNERATION

Annual audit fee	439	410
Half yearly review	182	170
Other certification	110	95
Out of pocket expense	89	20
	<u>820</u>	<u>695</u>

16 NET ASSET VALUE PER UNIT

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

	Note	2022	2021
-----Rupees in '000-----			
17 CASH AND CASH EQUIVALENTS			
Bank balances	4	6,289,721	5,048,428
Government securities - Market Treasury Bills	5.3	-	29,725
		<u>6,289,721</u>	<u>5,078,153</u>

18 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these financial statements during the year.

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

19 EARNING PER UNIT

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

20 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the year ended June 30, 2022 is 1.78% (2021: 2.10%) which includes 0.11% (2021: 0.25%) representing government levies on the Fund such as Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. The TER excluding government levies is 1.67% (2021: 1.85%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as income scheme.

21 DETAILS OF NON-COMPLIANT INVESTMENTS

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

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

Following is the detail of non-compliant investments:

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
Azgard Nine Limited - Zero Coupon	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	195,465	(195,465)	-	-	-
Azgard Nine Limited VII - PPTFC	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	80,475	(80,475)	-	-	-
Agritech Limited I	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	149,860	(149,860)	-	-	-
Agritech Limited V	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	32,320	(32,320)	-	-	-
Dewan Cement Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	150,000	(150,000)	-	-	-
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	9,056	(9,056)	-	-	-
New Allied Electronics Industries (Private) Limited - PPTFC	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	31,707	(31,707)	-	-	-
New Allied Electronics Industries (Private) Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Sukuks	44,149	(44,149)	-	-	-
Pace Pakistan Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	149,820	(149,820)	-	-	-
Saudi Pak Leasing Company Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	41,321	(41,321)	-	-	-
Silk Bank Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	99,920	(27,149)	72,771	0.99%	0.90%

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
Worldcall Telecom Limited	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Term finance certificates	69,156	(69,156)	-	-	-
Azgard Nine Limited (Non-voting)	Rating is below investment grade as prescribed in clause 9 (v) of annexure of circular 7 of 2009	Shares	13	(13)	-	-	-
Total carrying value and accumulated impairment as at June 30, 2022			<u>1,053,262</u>	<u>(980,491)</u>	<u>72,771</u>		

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

22. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

22.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

22.2 Transactions with connected persons / related parties are essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

22.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008.

22.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

22.5 Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

22.6 Details of transactions with connected persons and related parties are as follows:

	2022	2021
	----- Rupees in '000 -----	
NBP Fund Management Limited (The Management Company)		
Remuneration of the Management Company	60,299	41,385
Sindh Sales Tax on remuneration of the Management Company	7,839	5,380
Reimbursement of allocated expense	12,374	8,391
Reimbursement of selling and marketing expenses	69,292	48,989
Sales and transfer load	10,796	11,026
Sales tax on sales and transfer load	1,403	1,433
ADC charges for the year including Sindh Sales Tax	661	490
Units issued: 31,684 units (2021: 29,128,784 units)	341	328,000
Units redeemed: 3,732,302 units (2021: 25,409,551 units)	41,051	290,175
Dividend re-invest units: 577 units (2021: 13,069)	6	141

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	2022	2021
	----- Rupees in '000 -----	
NBP Employees Pension Fund ((Unit holder with more than 10% holding)		
Dividend re-invest: 11,086,512 units (2021: 8,257,953 units)	119,405	88,832
Central Depository Company of Pakistan Limited (The Trustee)		
Remuneration of the Trustee	7,424	5,249
Sindh Sales Tax on remuneration of the Trustee	965	682
Settlement charges	366	341
National Clearing Company of Pakistan (common directorship)		
NCCPL charges	599	430
Units redeemed: 1,854,066 units (2021: 3,254,300 units)	20,000	35,000
Dividend re-invest units: 271,128 units (2021: 68,181)	2,920	733
Taurus Securities Limited (Subsidiary of Parent Company)		
Brokerage expense	203	560
Employees of the Management Company		
Units issued: 13,866,970 units (2021: 13,866,970 units)	153,632	154,717
Units redeemed: 13,712,621 units (2021: 13,712,621 units)	159,365	154,127
Dividend re-invest: 10,817 units (2021: 20,428 units)	117	220
NBP Mahana Amdani Fund		
Sale of market treasury bills	-	149,740
NBP Money Market Fund		
Purchase of Market treasury bills	-	776,531
NBP Islamic Mahana Amdani Fund		
Sale of Sukuk	88,362	-
Portfolio managed by the Management Company		
Units issued: 57,357,269 units (2021: 9,372,235 units)	625,121	100,810
Units redeemed: 52,039,514 units (2021: 148,438 units)	613,147	1,621
Dividend re-invest units issued: 1,125,309 units (2021: 8,453,707)	12,119	2,106
National Bank of Pakistan (Parent of the Management Company)		
Purchase of Market treasury bills	1,735,173	-
Profit on bank balance	4,081	202
BankIslami Pakistan Limited (common directorship)		
Profit on bank balances	2,870	67
Khushhali Microfinance Bank Limited (common directorship)		
Profit on bank balance	67,339	34,025
Muhammad Murtaza Ali (Company Secretary of the Management Company)		
Units issued: 170,911 (2021: Nil units)	1,975	-
Units redeemed: 170,700 (2021: Nil units)	1,981	-
Dividend re-invest units issued: 4 units (2021: Nil)	-	-
Telenor Microfinance Bank Limited (common directorship)		
Profit on bank balance	-	22

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22.7 Amounts outstanding as at year end are as follows:

	2022	2021
	----- Rupees in '000 -----	
NBP Fund Management Limited (The Management Company)		
Remuneration of the Management Company	5,726	4,107
Sindh Sales Tax on remuneration of the Management Company	744	534
Reimbursement of allocated expenses payable	2,644	2,923
Reimbursement of selling and marketing expenses payable	14,809	16,370
Sales and transfer load payable	611	5,959
Sindh Sales Tax on sales and transfer load	141	775
Federal Excise Duty and related Sindh Sales Tax on management fee and sales load	40,695	40,695
ADC charges payable including Sindh Sales Tax	436	154
Units held: 32,261 units (2021: 3,732,302 units)	348	40,186
Central Depository Company of Pakistan Limited (The Trustee)		
Remuneration of the Trustee	492	559
Sindh Sales Tax on remuneration of the Trustee	64	73
Settlement charges payable	51	82
Security deposit	100	100
National Clearing Company of Pakistan (common directorship)		
Security deposit	2,750	2,750
Settlement charges payable	101	116
Units held: 1,739,543 units (2021: 3,322,481 units)	18,779	35,773
Taurus Securities Limited (Subsidiary of Parent Company)		
Brokerage payable	-	299
National Bank of Pakistan (Parent of the Management Company)		
Bank balances	2,190	7,718
Profit receivable on bank balances	69	139
NBP Employees Pension Fund (Unit holder with more than 10% holding)		
Units held: 126,565,293 units (2021: 115,478,781 units)	1,366,310	1,243,372
BankIslami Pakistan Limited (common directorship)		
Bank balances	6,312	4,625
Profit receivable on bank balances	525	2
Portfolio managed by the Management Company		
Units held in the Fund: 18,042,444 units (2021: 9,493,770 units)	194,774	102,220
Employees of the Management Company		
Units held in the Fund: 422,485 units (2021: 754,847 units)	4,561	8,128
Khushhali Microfinance Bank Limited (common directorship)		
Bank balance	329,901	611,277
Profit receivable on bank balance	7	11
Muhammad Murtaza Ali (Company Secretary of the Management Company)		
Units held in the Fund: 215 units (2021: Nil units)	2	-
Telenor Microfinance Bank Limited (common directorship)		
Bank balance	7	7
Profit receivable on bank balance	14	15

23 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

2022		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
Bank balances	6,289,721	6,289,721
Investments	-	1,655,898
Profit receivable	95,615	95,615
Receivable against issuance of units	1,298	1,298
Deposits	2,850	2,850
1,655,898	6,389,484	8,045,382

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	65,806	65,806
Payable to Central Depository Company of Pakistan Limited - the Trustee	556	556
Payable against redemption of units	537,441	537,441
Accrued expenses and other liabilities	1,602	1,602
-	605,405	605,405

Financial assets

2021		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
Bank balances	5,048,428	5,048,428
Investments	-	2,822,179
Receivable against margin trading system	169,506	169,506
Profit receivable	48,799	48,799
Receivable against issuance of units	49,272	49,272
Deposits and other receivables	2,850	2,850
2,822,179	5,318,855	8,141,034

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	71,517	71,517
Payable to Central Depository Company of Pakistan Limited - the Trustee	632	632
Payable against redemption of units	19,370	19,370
Accrued expenses and other liabilities	4,407	4,407
-	95,926	95,926

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 primarily set up to be performed based on the limits established by the Management Company, the constitutive documents of the Fund 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 the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

24.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the future cash flows of financial instruments will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks, investment in sukuk certificates, term finance certificates and commercial papers. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

(a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuk certificates, term finance certificates and bank balances which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 73.60 million (2021: Rs. 70.08 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds commercial papers which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 5.86 million (2021: Rs. 0.30 million).

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

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

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

----- 2022 -----					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate	Total
	Up to three months	More than three months and	More than one year		

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

Financial assets

Bank balances	13.00% -17.25%	6,289,651	-	-	70	6,289,721
Investments	8.94% - 12.85%	681,339	389,035	-	585,525	1,655,898
Receivable against margin trading system		-	-	-	-	-
Profit receivable		-	-	-	95,615	95,615
Receivable against issuance of units		-	-	-	1,298	1,298
Deposits		-	-	-	2,850	2,850
		6,970,990	389,035	-	685,358	8,045,382

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----- 2022 -----					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate	Total
	Up to three months	More than three months and	More than one year		

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

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company
 Payable to Central Depository Company of Pakistan Limited - the Trustee
 Payable against redemption of units
 Accrued expenses and other liabilities

-	-	-	-	65,806	65,806
-	-	-	-	556	556
-	-	-	-	537,441	537,441
-	-	-	-	1,602	1,602
-	-	-	-	605,405	605,405

On-balance sheet gap

6,970,990	389,035	-	-	79,953	
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Off-balance sheet financial instruments

-	-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-	-
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Total profit rate sensitivity gap

6,970,990	389,035	-	-	-	-
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Cumulative profit rate sensitivity gap

6,970,990	7,360,024	7,360,024			
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----- 2021 -----					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one	More than one year		

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

Financial assets

Bank balances 4.50% -9%
 Investments 7.22% - 10.45%
 Receivable against margin trading system
 Profit receivable
 Receivable against issuance of units
 Deposits and other receivables

5,041,208	-	-	-	7,220	5,048,428
1,016,688	810,044	-	-	995,447	2,822,179
169,506	-	-	-	-	169,506
-	-	-	-	48,799	48,799
-	-	-	-	49,272	49,272
-	-	-	-	2,850	2,850
6,227,402	810,044	-	-	1,103,588	8,141,034

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company
 Payable to Central Depository Company of Pakistan Limited - the Trustee
 Payable against redemption of units
 Accrued expenses and other liabilities

-	-	-	-	71,517	71,517
-	-	-	-	632	632
-	-	-	-	19,370	19,370
-	-	-	-	4,407	4,407
-	-	-	-	95,926	95,926

On-balance sheet gap

6,227,402	810,044	-	-	1,007,662	
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Off-balance sheet financial instruments

-	-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-	-
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Total profit rate sensitivity gap

6,227,402	810,044	-	-	-	-
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Cumulative profit rate sensitivity gap

6,227,402	7,037,446	7,037,446			
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(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

In case of 1% increase / decrease in KSE-100 Index on June 30, 2022, with all variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Nil (2021: Rs 9.61 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% 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 KSE-100 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-100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the fund's net assets of future movements in the level of KSE-100 Index.

24.2 Liquidity risk

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

The Fund is exposed to daily 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active or over the counter market and can be readily disposed of and are considered readily realisable.

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

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

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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

Rupees in '000

Financial liabilities

Payable to NBP Fund Management Limited the Management Company

Payable to Central Depository Company of Pakistan Limited - the Trustee

Payable against redemption of units

Accrued expenses and other liabilities

65,806	-	-	-	-	-	65,806
556	-	-	-	-	-	556
537,441	-	-	-	-	-	537,441
1,602	-	-	-	-	-	1,602
605,405	-	-	-	-	-	605,405

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

Rupees in '000

Financial liabilities

Payable to NBP Fund Management Limited the Management Company

Payable to Central Depository Company of Pakistan Limited - the Trustee

Payable against redemption of units

Accrued expenses and other liabilities

71,517	-	-	-	-	-	71,517
632	-	-	-	-	-	632
19,370	-	-	-	-	-	19,370
4,407	-	-	-	-	-	4,407
95,926	-	-	-	-	-	95,926

24.3 Credit risk

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

	2022		2021	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
Financial assets				
Bank balances	6,289,721	6,289,721	5,048,428	5,048,428
Investments	1,655,898	1,655,898	2,822,179	1,797,007
Receivable against margin trading system	-	-	169,506	-
Profit receivable	95,615	95,615	48,799	48,799
Deposits and other receivable	2,850	2,850	2,850	2,850
Receivable against issuance of units	1,298	1,298	49,272	49,272
	<u>8,045,382</u>	<u>8,045,382</u>	<u>8,141,034</u>	<u>6,946,356</u>

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

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

24.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, sukuk certificates, term finance certificates and accrued profit thereon. The credit rating profile of balances with banks and investments are as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
Bank balances		
AAA	0.89%	0.24%
AA+	9.61%	34.50%
AA-	44.33%	0.09
A+	0.82%	8.80%
A-	4.10%	-
A	18.42%	-
Term finance certificates and sukuk certificates		
AA+	9.39%	12.38%
AA-	1.49%	0.03
A+	0.93%	0.06
A	-	1.60%
BBB+	1.50%	-
	<u>91.48%</u>	<u>76.69%</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. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

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

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

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

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

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

----- 2022 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in 000-----				
At fair value through profit or loss				
Term finance certificates	-	357,576	-	357,576
Corporate sukuk certificates	-	712,797	-	712,797
Commercial papers*	-	585,525	-	585,525
	-	1,655,898	-	1,655,898

----- 2021 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in 000-----				
At fair value through profit or loss				
Equity securities (spread transactions)	961,248	-	-	961,248
Government securities - Market Treasury Bill	-	29,725	-	29,725
Term finance certificates	-	816,660	-	816,660
Corporate sukuk certificates	-	980,347	-	980,347
Future stock contracts	34,199	-	-	34,199
	995,447	1,826,732	-	2,822,179

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

26. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

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

27. UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit	Investment amount	Percentage of total	Number of unit	Investment amount	Percentage of total
		(Rupees in '000)			(Rupees in '000)	
Associated companies and directors	4	1,385,439	18.79%	3	1,319,331	16.59%
Individuals	4,340	4,243,005	57.54%	4,150	3,310,494	41.62%
Insurance companies	5	57,786	0.78%	5	127,133	1.60%
NBFCs	1	-	0.00%	1	-	0.00%
Public Limited companies	6	606	0.01%	8	326,997	4.11%
Retirement funds	31	945,457	12.81%	48	1,455,427	18.30%
Others	96	742,250	10.07%	116	1,414,238	17.78%
	<u>4,483</u>	<u>7,374,543</u>	<u>100.00%</u>	<u>4,331</u>	<u>7,953,620</u>	<u>100.00%</u>

28. LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2022	Name of broker	2021
	% of commission paid		% of commission paid
BIPL Securities Limited	42.95%	M.R.A Securities	48.83%
Aqeel Karim Dehdi Securities (Private) Limited	40.40%	Adam Securities (Private) Limited	18.95%
Mangenta Capital (Private) Limited	23.05%	J.S. Global Capital Ltd.	7.82%
M.R.A Securities	17.59%	Aqeel Karim Dehdi Securities (Private) Limited	5.67%
Next Capital Limited	16.45%	Darson Securities (Private) Limited	4.55%
Adam Securities (Private) Limited	8.45%	Insight Securities (Private) Limited	4.45%
BMA Capital Management Limited	7.13%	Taurus Securities Limited.	3.16%
Bright Capital (Private) Limited	5.73%	Bma Capital Management Limited	2.30%
Alfalah Securities (Private) Limited	5.65%	Topline Securities Limited	2.04%
Continental Exchange (Private) Limited	5.47%	Al Habib Capital Markets (Private) Limited	0.94%

29 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	34
Asim Wahab Khan	Chief Investment Officer	CFA	16
Salman Ahmed (note 27.1)	Head of Fixed Income	CFA	17
Hassan Raza	Head of Research	ACCA / BSC / CFA	11
Usama Bin Razi	Senior Manager - Fixed Income	BE, MBA	18

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

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

30 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

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

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

31 CORRESPONDING FIGURES

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

32 GENERAL

32.1 Figures in these financial statements have been rounded off to the nearest thousand of rupees.

33 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2022	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017
Net assets (Rs. '000')	7,374,543	7,953,620	4,000,417	5,295,769	6,351,157	8,199,128
Net Income / (loss) (Rs. '000')	912,546	512,086	596,574	498,027	434,363	290,906
Net Asset Value per units (Rs.)	10.7953	10.7671	10.7550	10.7303	11.2668	10.6964
Offer price per unit	10.9173	10.8888	10.8765	10.8515	11.3941	10.8173
Redemption price per unit	10.7953	10.7671	10.7550	10.7303	11.2668	10.6964
Ex - Highest offer price per unit (Rs.)	10.9173	10.8888	10.8772	11.3930	11.3941	10.8225
Ex - Lowest offer price per unit (Rs.)	9.9389	10.1012	9.4903	10.8200	10.8180	10.1963
Ex - Highest redemption price per unit (Rs.)	10.7953	10.7671	10.7557	11.2657	11.2668	10.7023
Ex - Lowest redemption price per unit (Rs.)	9.8279	9.9883	9.4903	10.6991	10.6943	10.0663
Fiscal Year Opening Ex NAV	9.8237	9.9858	9.4874	10.6964	10.6964	10.0640
Total return of the fund	9.89%	7.82%	13.32%	9.20%	5.33%	6.28%
Capital growth	0.29%	0.12%	0.22%	0.47%	0.00%	-0.45%
Income distribution as % of Ex-NAV	9.60%	7.70%	13.10%	8.73%	5.33%	6.74%
Income distribution as % of Par Value	10.34%	8.29%	14.06%	9.34%	5.70%	6.78%
Interim distribution per unit	1.034	0.8285	1.4057	0.9343		0.6780
Final distribution per unit	-	-	-	-	0.5704	-
Distribution dates						
Interim	24-Jun-22	28-Jun-21	26-Jun-20	20-Dec-18		21-Jun-17
Interim	-	-	-	24-Jun-19		
Final	-	-	-	-	4-Jul-18	
Average annual return (launch date 28-03-08)						
(Since inception to June 30, 2022)	8.47%					
(Since inception to June 30, 2021)		8.38%				
(Since inception to June 30, 2020)			8.42%			
(Since inception to June 30, 2019)				8.10%		
(Since inception to June 30, 2018)					7.96%	
(Since inception to June 30, 2017)						8.20%
(Since inception to June 30, 2016)						
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	15 Days	22 Days	180 Days		34 Days	30 Days

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

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