

**NBP FUNDS**

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

**NBP Fund Management Limited**



# **NBP ISLAMIC DAILY DIVIDEND FUND**

**ANNUAL REPORT**  
2022

**AM1**  
Rated by PACRA

# **MISSION STATEMENT**

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



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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

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

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource Committee

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

### Strategy & Business Planning Committee

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

### Trustee

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

### Bankers to the Fund

Askari Bank Limited  
Bank Alhabib Limited  
United Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
Dubai Islamic Bank Limited  
Allied Bank Limited  
National Bank Of Pakistan  
JS Bank Limited  
Bank Islami Pakistan Limited  
Zarai Taraqiati Bank Limited  
Faysal Bank Limited  
Bank Alfalah Limited



## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

## Board of Directors



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



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Humayun Bashir**  
Director



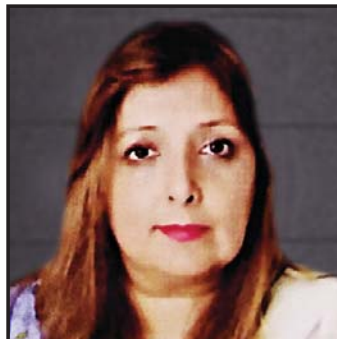
**Mr. Tauqeer Mazhar**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Saad Amanullah Khan**  
Director



**Ms. Mehnaz Salar**  
Director



**Mr. Imran Zaffar**  
Director

## Senior Management



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



**Mr. Muhammad Murtaza Ali**  
Chief Operating Officer &  
Company Secretary



**Mr. Asim Wahab Khan, CFA**  
Chief Investment Officer



**Mr. Ozair Khan**  
Chief Technology Officer



**Mr. Salim S Mehdi**  
Chief Innovation &  
Strategy Officer



**Mr. Samiuddin Ahmed**  
Country Head Corporate Marketing



**Mr. Khalid 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 3rd Annual Report of **NBP Islamic Daily Dividend Fund** (NIDDF) for the year ended June 30, 2022.

### Fund's Performance

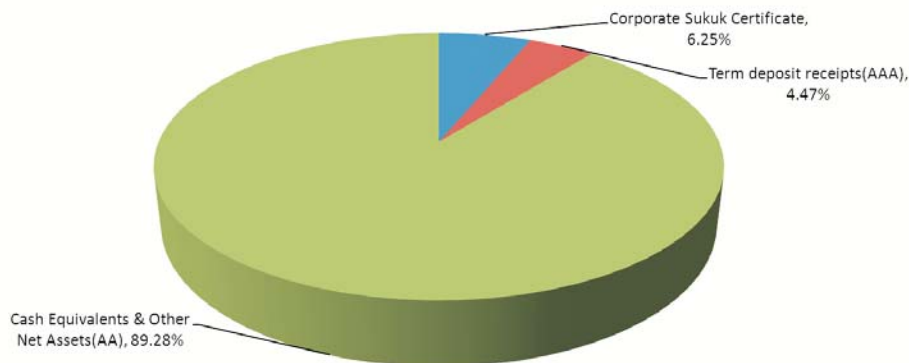
The market witnessed fresh issuance of short-term corporate sukuks and commercial papers mainly belonging to the Power sector to meet the increasing funding requirements. During FY22, State Bank of Pakistan (SBP) held eight (8) Monetary Policy meetings and increased the discount rate from 8% to 14.75% - 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 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.

NIDDF is categorized as a Shariah Compliant Money Market Fund. The fund aims to consistently provide better return than the profit rates offered by Islamic Banks / Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days, thereby providing easy liquidity along with a high-quality credit profile.

The size of NBP Islamic Daily Dividend Fund has decreased from Rs. 13,292 million to Rs. 11,192 million during the period, i.e., a decrease of 16%. During the said period, the unit price of the Fund has increased from Rs. 9.1229 (Ex-Div) on June 30, 2021 to Rs. 10.0000 on June 30, 2022 thus posting a return of 9.6% as compared to its Benchmark return of 3.7% 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. 1,152.57 million during the year. After deducting total expenses of Rs. 47.04 million, the net income is Rs. 1,105.53 million.

The asset allocation of NBP Islamic Daily Dividend Fund as on June 30, 2022 is as follows:





## Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 9.18% of the opening ex-NAV (9.18% 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 Islamic Daily Dividend Fund amounting to Rs. 24.62 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 Islamic Daily Dividend Fund by 0.17% 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 29 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 27 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 21 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2022, the Board included:

Category	Names
<b>Independent Directors</b>	<ol style="list-style-type: none"><li>1. Mr. Khalid Mansoor</li><li>2. Mr. Saad Amanullah Khan</li><li>3. Mr. Humayun Bashir</li></ol>
<b>Executive Director</b>	Dr. Amjad Waheed - Chief Executive Officer
<b>Non-Executive Directors</b>	<ol style="list-style-type: none"><li>1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li><li>2. Mr. Tauqeer Mazhar</li><li>3. Ms. Mehnaz Salar</li><li>4. Mr. Ali Saigol</li><li>5. Mr. Imran Zaffar</li></ol>

## Acknowledgement

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

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

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

**Chief Executive Officer**

**Director**

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

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP اسلامک ڈیلی ڈیویڈنڈ فنڈ (NIDDF) کی تیسری سالانہ رپورٹ برائے سال تختہ 30 جون 2022ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

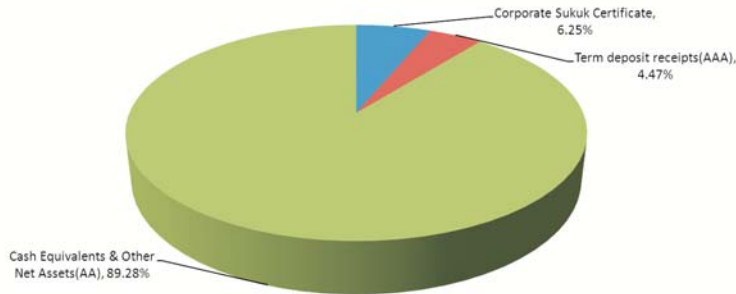
مارکیٹ میں قلیل مدتی کارپوریٹ سٹاک اور کرنشل بیپرز کا تازہ اجراء دیکھا گیا جن کا تعلق بنیادی طور پر پاور سیکٹر سے ہے تاکہ فنڈنگ کی بڑھتی ہوئی ضروریات کو پورا کیا جاسکے۔ مالی سال 22 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے آٹھ (8) مانیٹری پالیسی اجلاس منعقد کئے اور اہم ملکی سیاسی شورا اور عالمی غیر یقینی صورتحال کی وجہ سے افراط زر کے دباؤ کا مقابلہ کرنے، معاشی استحکام کو یقینی بنانے اور بیرونی اور قیمتوں کے استحکام کی حفاظت کے لیے، ڈسکاؤنٹ کی شرح کو 8% سے بڑھا کر 14.75% کر دیا۔ دوسری ششماہی کے دوران، روس-یوکرین تنازعہ اور ایشیاء 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) نڈائی اجزاء کی قیمتوں میں تیزی سے اضافہ (ii) روپیہ پر مسلسل دباؤ (iii) یوٹیلٹی ٹیرف میں اضافہ، اور (iv) ایندھن کی سبسڈی کا ختم ہونا۔ CPI کی پیکش کردہ افراط زر جون-22 میں 21.3 فیصد تک پہنچ گئی جو گزشتہ سال کے اسی مہینے کے دوران 9.7 فیصد تھی۔ اسٹیٹ بینک پاکستان کے پاس غیر ملکی زرمبادلہ کے مجموعی ذخائر بھی ایک سال قبل 17.3 بلین امریکی ڈالر کے مقابلے میں جون-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۔

NIDDF کو شریعہ کیپلائنٹ منی مارکیٹ فنڈ کے طور پر درجہ بندی کیا گیا ہے۔ اس فنڈ کا مقصد اسلامی بینکوں/کرنشل بینکوں کے اسلامی ونڈوز کی طرف سے پیش کردہ منافع کی شرحوں سے مسلسل بہتر منافع فراہم کرنا ہے۔ کم از کم اہل درجہ بندی AA ہے، جبکہ فنڈ کو چھ ماہ کی میچورٹی سے زیادہ کسی بھی سیکوریٹی میں سرمایہ کاری کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کا وزنی اوسط وقت 90 دنوں سے زیادہ نہیں ہو سکتا، اس طرح ایک اعلیٰ معیار کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی فراہم کرتا ہے۔

NBP اسلامک ڈیلی ڈیویڈنڈ فنڈ کا ساٹھ ماہ کی مدت کے دوران 13,292 ملین روپے سے کم ہو کر 11,192 ملین روپے ہو گیا، یعنی 16% کی کمی ہوئی۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 9.1229 روپے (Ex-Div) سے بڑھ کر 30 جون 2022 کو 10.0000 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 3.7% پیچ مارک منافع کے مقابلے میں 9.6% منافع دیا۔ فنڈ کا یہ منافع منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 1,152.57 ملین روپے کی آمدنی ہوئی۔ 47.04 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1,105.53 ملین روپے ہے۔

این بی پی اسلامک سیونگ فنڈ کی ایسٹ ایبلویشن برطانیہ 30 جون 2022 درج ذیل ہے:



### آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2022 کے اختتام کے بعد اوپننگ ex-NAV کا 9.18% (بنیادی قدر کا 9.18%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

### ٹیکسیشن

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



## سندھ ورکرز ویلفیئر فنڈ (SWWF)

13 اگست 2021 کو NBP اسلامک ڈیلی ڈیویڈنڈ فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروویڈنگ کے بعد ماسل نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ کلیریفیکیشن پر میوچل فنڈز ایسوسی ایشن آف پاکستان کو دی گئی 24.62 ملین روپے کی پروویڈنگ ریورس کر دی گئی۔ پروویڈنگ کی اس واپسی کے باعث 13 اگست 2021 کو NBP اسلامک ڈیلی ڈیویڈنڈ فنڈ کے NAV میں 0.17% 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 یوسف گرانٹ تھورٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2023 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1. بینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شہریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 29 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پٹرن 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 پینس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں



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

## اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ مینجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 27 ستمبر 2022ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Daily Dividend 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 Islamic Daily Dividend Fund

NBP Islamic Daily Dividend Fund (NIDDF) is an Open-End Shariah Compliant Money Market Fund.

### Investment Objective of the Fund

To provide competitive return along with daily dividend by investing in Shariah Compliant money market instruments.

### Benchmark

Three months average deposit rates of three (3) AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.

### Fund Performance Review

This is the 3rd Annual report since the launch of the Fund on November 01, 2019. The Fund size decreased by 16% during the year and stands at Rs. 11 billion as of June 30, 2022. Since its inception, the Fund has earned an annualized return of 8.9% versus the benchmark return of 4.0%, thus registering an outperformance of 4.9% p.a. During FY22, the Fund posted 9.6% return versus the benchmark return of 3.7%, thus registering an outperformance of 5.9% p.a. This outperformance is net of management fee and other expenses.

NIDDF is an Islamic Money Market Scheme with no direct or indirect exposure to the stock market. The fund aims to consistently provide better return than the profit rates offered by Islamic Banks/Islamic windows of commercial banks. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days, thereby providing easy liquidity along with a high-quality credit profile.

The market witnessed fresh issuance of short-term corporate sukuk and commercial papers mainly belonging to the Power sector to meet the increasing funding requirements. 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.

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

Particulars	30-Jun-22	30-Jun-21
Placements with Banks & DFIs	4.47%	0.78%
Commercial Paper	-	12.97%
TFC/Sukuk	6.25%	-
Cash, Bank Placements & Other Assets	89.28%	86.25%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Distribution for the Financial Year 2022

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
From July 01, 2021 to June 30, 2022	9.18%	10.9181	10

## Unit Holding Pattern of NBP Islamic Daily Dividend Fund as on June 30, 2022

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	16
1-1000	73
1001-5000	47
5001-10000	15
10001-50000	87
50001-100000	41
100001-500000	74
500001-1000000	32
1000001-5000000	62
5000001-10000000	8
10000001-100000000	18
100000001-1000000000	2
<b>Total</b>	<b>475</b>

### During the period under question

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Islamic Daily Dividend 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 Islamic Daily Dividend Fund amounting to Rs. 24.62 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 Islamic Daily Dividend Fund by 0.17% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.



## STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

**NBP Islamic Daily Dividend Fund** (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **September 27, 2022**  
Karachi

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

## REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 12, 2022/Safar 15, 1444

**Alhamdulillah**, the period from July 1, 2021 to June 30, 2022 was the Third year of the operations of NBP Islamic Daily Dividend Fund (NIDDF). This report is being issued in accordance with clause 3.7 of the Offering Document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

In the capacity of Shari'ah Supervisory Board, we have prescribed criteria and procedure to be followed in ensuring Shari'ah Compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure Shari'ah compliance with the Shari'ah policies & guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NIDDF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIDDF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.

On the basis of information provided by the management, nothing has come to our attention that causes us to believe that all the operations of NIDDF for the year ended June 30, 2022 are not in compliance with the Shari'ah principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

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**For and On Behalf of Meezan Bank Limited**  
Shari'ah Technical Services and Support Provider

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**Mufti Muhammad Naveed Alam**  
Member  
Shariah Supervisory Board

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**Mufti Ehsan Waqar**  
Shariah Advisor & Member  
Shariah Supervisory Board

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**Dr. Imran Ashraf Usmani**  
Chairman  
Shariah Supervisory Board

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Islamic Daily Dividend Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NBP Islamic Daily Dividend 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><b>Net Asset Value</b> (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. 9,869.948 million and Rs. 1,200 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"> <li>tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>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;</li> <li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> </ul>

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

## 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: AR202210061MwaBRI1TQ

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

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
<b>ASSETS</b>			
Bank balances	4	9,869,948	11,427,064
Investments	5	1,200,000	1,827,925
Profit receivable	6	157,612	77,956
Prepayments, deposits and other receivables	7	746	738
Preliminary expenses and floatation costs	8	554	788
<b>Total assets</b>		<b>11,228,860</b>	<b>13,334,471</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - the Management Company	9	5,518	8,457
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	547	829
Payable to the Securities and Exchange Commission of Pakistan	11	2,452	2,749
Payable against redemption of units		16,791	-
Accrued expenses and other liabilities	12	11,258	30,364
<b>Total liabilities</b>		<b>36,566</b>	<b>42,399</b>
<b>NET ASSETS</b>		<b>11,192,294</b>	<b>13,292,072</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>11,192,294</b>	<b>13,292,072</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>	15	<b>1,119,229,210</b>	<b>1,329,208,831</b>
		-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>	14	<b>10.0000</b>	<b>10.0000</b>

The annexed notes 1 to 31 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

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

	2022	2021
Note	----- Rupees in '000 -----	-----
<b>INCOME</b>		
Income on corporate sukuk certificates	58,631	54,279
Income on term deposit receipts	84,565	152,658
Income on Islamic commercial papers	100,121	126,714
Income on bai muajjal certificate	56,667	41,873
Profit on bank balances	830,515	579,375
(Loss) / gain on sale of investments - net	(328)	203
<b>Total income</b>	<b>1,130,171</b>	<b>955,102</b>
<b>EXPENSES</b>		
Remuneration of NBP Fund Management Limited - the Management Company	9.1 13,127	13,743
Sindh sales tax on remuneration of the Management Company	9.2 1,706	1,787
Reimbursement of allocated expenses	9.3 15,322	16,301
Reimbursement of selling and marketing expenses	9.4 2,259	19,563
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1 7,093	8,933
Sindh sales tax on remuneration of the Trustee	10.2 922	1,161
Annual fee to the Securities and Exchange Commission of Pakistan	11.1 2,452	2,749
Amortisation of preliminary expenses and floatation costs	8 234	236
Auditors' remuneration	16 736	666
Legal and professional charges	306	218
Listing fee	28	28
Shariah advisory fee	1,805	1,803
Settlement and bank charges	779	231
Printing expenses	73	122
Rating fee	199	170
<b>Total operating expenses</b>	<b>47,041</b>	<b>67,711</b>
<b>Net income from operating activities</b>	<b>1,083,130</b>	<b>887,391</b>
Reversal of provision / (provision) against Sindh Workers' Welfare Fund - net	12.1 22,404	(17,748)
<b>Net income for the year before taxation</b>	<b>1,105,534</b>	<b>869,643</b>
Taxation	17 -	-
<b>Net income for the year after taxation</b>	<b>1,105,534</b>	<b>869,643</b>
<b>Earnings per unit</b>	18	
<b>Allocation of net income for the year</b>		
- Net income for the year after taxation	1,105,534	869,643
- Income already paid on units redeemed	-	-
	<b>1,105,534</b>	<b>869,643</b>
<b>Accounting income available for distribution:</b>		
- Relating to capital gains	-	203
- Excluding capital gains	1,105,534	869,440
	<b>1,105,534</b>	<b>869,643</b>

The annexed notes 1 to 31 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	1,105,534	869,643
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u><u>1,105,534</u></u>	<u><u>869,643</u></u>

The annexed notes 1 to 31 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director





## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	1,105,534	869,643
<b>Adjustments for:</b>		
Income on corporate sukuk certificates	(58,631)	(54,279)
Income on term deposit receipts	(84,565)	(152,658)
Income on Islamic commercial papers	(100,121)	(126,714)
Income on bai muajjal certificate	(56,667)	(41,873)
Profit on bank balances	(830,515)	(579,375)
(Reversal of provision) / provision against Sindh Workers' Welfare Fund	(22,404)	17,748
Amortisation of preliminary expenses and floatation costs	234	236
	(1,152,669)	(936,915)
<b>Decrease in assets</b>		
Prepayments, deposits and other receivables	(8)	88
Investments - net	1,023,925	150,599
	1,023,917	150,687
<b>(Decrease) / increase in liabilities</b>		
Payable to NBP Fund Management Limited - the Management company	(2,939)	(2,670)
Payable to Central Depository Company of Pakistan Limited - the Trustee	(282)	315
Payable to the Securities and Exchange Commission of Pakistan	(297)	2,258
Accrued expenses and other liabilities	3,298	4,515
	(220)	4,418
Profit received	1,050,843	930,420
<b>Net cash generated from operating activities</b>	<b>2,027,405</b>	<b>1,018,253</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	15,559,975	33,698,225
Net payments against redemption of units	(17,642,962)	(28,659,464)
Distributions paid	(1,105,534)	(869,643)
<b>Net cash flows (used in) / generated from financing activities</b>	<b>(3,188,521)</b>	<b>4,169,118</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,161,116)</b>	<b>5,187,371</b>
Cash and cash equivalents at the beginning of the year	11,531,064	6,343,693
<b>Cash and cash equivalents at the end of the year</b>	<b>10,369,948</b>	<b>11,531,064</b>

The annexed notes 1 to 31 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 Islamic Daily Dividend Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 19, 2019, under the Non - Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act). The Fund is required to be registered under the Sindh Trust Act. Accordingly, on November 2, 2021 the above mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3 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).
- 1.4 The Fund has been categorised as an open ended Shariah compliant money market fund by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from November 2, 2019 and are transferable and redeemable by surrendering them to the Fund.
- 1.5 The objective of the Fund is to provide competitive return along with daily dividend by investing in Shariah compliant money market instruments.
- 1.6 The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 (2021: AM1) on June 22, 2022. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has maintained the stability rating of the Fund to AA(f) (2021: AA(f) dated April 16, 2021) on April 19, 2022.
- 1.7 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan 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 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 annual 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 the published accounting and reporting standards that are not yet effective:**

There are certain amendments 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 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on these financial statements of the Fund relate to classification and valuation of financial assets (note 3.2 and 5).

## **2.5 Basis of measurement**

These financial statements have been prepared under the historical cost convention except investments that 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 Pakistani Rupees, which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

### 3.1 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.

### 3.2 Financial assets

#### 3.2.1 Initial recognition and measurement

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

#### 3.2.2 Classification and subsequent measurement

##### Debt instruments

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

- amortised cost; or as
- at fair value through other comprehensive income (FVOCI); or as
- 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.

#### 3.2.3 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises 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.

#### 3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the

SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

### **3.2.5 Regular way contracts**

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

### **3.2.6 Derecognition**

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

## **3.3 Financial liabilities**

### **3.3.1 Classification and subsequent measurement**

Financial liabilities are classified and subsequently measured at amortised cost.

### **3.3.2 Derecognition**

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

### **3.4 Offsetting of financial assets and financial liabilities**

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

### **3.5 Provisions**

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

### **3.6 Net Asset Value per unit**

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

## 3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as 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 the 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.

## 3.8 Distributions to unit holders

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

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

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

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

## 3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date on 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 period in which these arise.
- Profit on bank balances, term deposit receipts and letters of placement is recognised on an accrual basis.
- Income from investments in sukuks and Islamic commercial papers is recognised on an accrual basis using effective interest rate method.

## 3.11 Expenses

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

### 3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

### 3.13 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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### 3.14 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.

### 3.15 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 18.

4	<b>BANK BALANCES</b>	2022	2021
		Note	-----Rupees in '000-----
	Balances with banks in:		
	Savings accounts	4.1 9,857,463	11,412,546
	Current accounts	<u>12,485</u>	<u>14,518</u>
		<u><b>9,869,948</b></u>	<u><b>11,427,064</b></u>

4.1 These include balances of Rs 0.393 million (2021: Rs 0.133 million) and Rs. 2.940 million (2021: Rs 2.550 million) maintained with National Bank of Pakistan and BankIslami Pakistan Limited, (related parties), that carry profit at the rates of 12.25% (2021: 4.5%) per annum and 14.50% (2021: 6.25%) per annum respectively. Other savings accounts carry profit rates ranging from 6.50% to 15.59% (2021: 6.6% to 7.4%) per annum.

5	<b>INVESTMENTS</b>	2022	2021
		Note	-----Rupees in '000-----
	<b>At fair value through profit or loss</b>		
	Islamic commercial papers	5.1 -	1,723,925
	Corporate sukuk certificates	5.2 700,000	-
	Term deposit receipts	5.3 500,000	104,000
	Bai muajjal certificate	5.4 -	-
		<u><b>1,200,000</b></u>	<u><b>1,827,925</b></u>



## 5.1 Islamic commercial papers

Name of the security	Maturity Date	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation/ (diminution)	Market value as a percentage of total investments	Market value as a percentage of net assets of the Fund
		As at July 1, 2021	Purchased during the year	Matured during the year	As at June 30, 2022					
----- Rupees in '000 -----								----- % -----		

### POWER GENERATION & DISTRIBUTION

K-Electric Limited ICP 15 (A1+, PACRA)	September 02, 2021	675,000	1,780,000	2,455,000	-	-	-	-	-	
K-Electric Limited ICP 16 (A1+, PACRA)	September 16, 2021	600,000	1,125,000	1,725,000	-	-	-	-	-	
K-Electric Limited ICP 18 (A-1+, VIS)	October 19, 2021	480,000	960,000	1,440,000	-	-	-	-	-	
K-Electric Limited ICP 19 (A-1+, VIS)	January 12, 2022	-	720,000	720,000	-	-	-	-	-	
K-Electric Limited ICP 20 (A-1+, VIS)	January 27, 2022	-	150,000	150,000	-	-	-	-	-	
K-Electric Limited ICP 22 (A-1+, PACRA)	April 07, 2022	-	500,000	500,000	-	-	-	-	-	
K-Electric Limited ICP 23 (A-1+, VIS)	May 04, 2022	-	425,000	425,000	-	-	-	-	-	
K-Electric Limited ICP 24 (A-1+, VIS)	May 16, 2022	-	300,000	300,000	-	-	-	-	-	
<b>Total as at June 30, 2022</b>										
<b>Total as at June 30, 2021</b>						1,723,925	1,723,925	-	94.31%	12.97%

## 5.2 Corporate sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	Sold / redeemed during the year	As at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution)	Market value as a percentage of	
										total investments	net assets of the Fund
----- Number of certificates -----								Rupees in '000		----- % -----	

### POWER GENERATION AND DISTRIBUTION

The Hub Power Company Limited (AA+, PACRA, traded) (Face value of Rs 100,000 per certificate)	Semi-annually	May 2, 2022	6 months KIBOR plus base rate of 0.80%	-	39,250	39,250	-	-	-	-	-
K-Electric Limited (AA+, VIS, traded) (Face value of Rs 1000,000 per certificate)	Semi-annually	August 4, 2022	6 months KIBOR plus base rate of 0.85%	-	300	-	300	300,000	-	25.00%	2.68%
K-Electric Limited (AA+, VIS, traded) (Face value of Rs 1000,000 per certificate)	Semi-annually	August 15, 2022	6 months KIBOR plus base rate of 0.85%	-	300	-	300	300,000	-	25.00%	2.68%
K-Electric Limited (AA+, VIS, traded) (Face value of Rs 1000,000 per certificate)	Semi-annually	October 27, 2022	6 months KIBOR plus base rate of 0.70%	-	100	-	100	100,000	-	8.33%	0.89%
<b>Total as at June 30, 2022</b>								700,000	-	58.33%	6.25%
Carrying value as at June 30, 2022								700,000			
Market value as at June 30, 2021								-			
Carrying value as at June 30, 2021								-			

## 5.3 Term deposit receipts

Name of the bank	Maturity date	Profit rate	Face value				Carrying value as at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of	
			As at July 1, 2021	Purchased during the year	Matured during the year	As at June 30, 2022			total investments	net assets of the Fund
(Rupees in '000)								%		
<b>COMMERCIAL BANKS</b>										
United Bank Limited - Islamic Banking	July 3, 2021	6.90%	104,000	-	104,000	-	-	-	-	-
United Bank Limited - Islamic Banking	August 27, 2021	6.85%	-	1,200,000	1,200,000	-	-	-	-	-
United Bank Limited - Islamic Banking	August 30, 2021	6.85%	-	700,000	700,000	-	-	-	-	-
United Bank Limited - Islamic Banking	September 3, 2021	6.85%	-	1,900,000	1,900,000	-	-	-	-	-
United Bank Limited - Islamic Banking	September 10, 2021	6.85%	-	1,900,000	1,900,000	-	-	-	-	-
Askari Bank Limited - Islamic Banking	December 9, 2021	7.75%	-	1,600,000	1,600,000	-	-	-	-	-
Askari Bank Limited - Islamic Banking	December 16, 2021	9.25%	-	1,600,000	1,600,000	-	-	-	-	-
United Bank Limited - Islamic Banking	January 28, 2022	11.00%	-	1,200,000	1,200,000	-	-	-	-	-
Faysal Bank - Islamic Banking	February 3, 2022	11.20%	-	1,400,000	1,400,000	-	-	-	-	-
Askari Bank Limited - Islamic Banking	February 14, 2022	10.75%	-	300,000	300,000	-	-	-	-	-
Meezan Bank Limited	February 21, 2022	10.00%	-	625,000	625,000	-	-	-	-	-
Meezan Bank Limited	February 28, 2022	10.00%	-	600,000	600,000	-	-	-	-	-
Meezan Bank Limited	March 10, 2022	9.75%	-	600,000	600,000	-	-	-	-	-
Askari Bank Limited - Islamic Banking	March 14, 2022	9.90%	-	300,000	300,000	-	-	-	-	-
Askari Bank Limited - Islamic Banking	March 16, 2022	9.90%	-	600,000	600,000	-	-	-	-	-
Bank Alfalah Limited - Islamic Banking	August 29, 2022	14.65%	-	500,000	-	500,000	500,000	500,000	41.67%	4.47%
<b>Total as at June 30, 2022</b>							<b>500,000</b>	<b>500,000</b>	<b>41.67%</b>	<b>4.47%</b>
<b>Total as at June 30, 2021</b>							<b>104,000</b>	<b>104,000</b>	<b>5.69%</b>	<b>0.78%</b>

## 5.4 Bai muajjal certificate

Name of investee company	Rating	Maturity date	Profit rate	Total Transaction Price	Deferred Income	Accrued Profit	Carrying value
<b>Development finance institutions</b>							
Pak Oman Investment Company Limited	AA+, VIS	December 1, 2021	7.35%	714,047	-	-	-
Pak Kuwait Investment Company Limited	AAA, PACRA	March 18, 2022	10.06%	924,998	-	-	-
Pak Brunei Investment Company Limited	AA+, VIS	March 16, 2022	10.55%	514,528	-	-	-
<b>Commercial banks</b>							
Samba Bank Limited	AA, VIS	September 28, 2021	7.10%	992,028	-	-	-
Samba Bank Limited	AA, VIS	December 1, 2021	7.35%	714,671	-	-	-
Samba Bank Limited	AA, VIS	March 16, 2022	10.10%	1,231,771	-	-	-
<b>Total as at June 30, 2022</b>				<b>5,092,043</b>	-	-	-
<b>Total as at June 30, 2021</b>				-	-	-	-

		2022	2021
	Note	----- Rupees in '000 -----	
<b>6 PROFIT RECEIVABLE</b>			
Profit receivable on:			
Bank balances		120,878	77,406
Term deposit receipts		7,024	550
Corporate sukuk certificates		29,710	-
		<u>157,612</u>	<u>77,956</u>
<b>7 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES</b>			
Advance tax	7.1	542	542
Prepaid mutual fund rating fee		104	96
Security deposit with Central Depository Company of Pakistan Limited *		100	100
		<u>746</u>	<u>738</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, withholding taxes on profit on bank balances and profit on debt securities to the Fund were 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 withholder. The taxes withheld on profit on bank deposits and profit on debt securities amount to Rs 0.542 million (2021: Rs 0.542 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Fund 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 taxes deducted on profit received by the Fund on bank balances and on debt securities have been shown as other receivable as at June 30, 2022 as, in the opinion of the management, the amount of taxes deducted at source will likely be refunded.

		2022	2021
	Note	----- (Rupees in 000) -----	
<b>8 PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
At the beginning of the year		788	1,024
Less: amortisation during the year	8.1	(234)	(236)
At the end of the year		<u>554</u>	<u>788</u>

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are paid by NBP Fund Management Limited (a related party). These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

		2022	2021
	Note	----- (Rupees in 000) -----	
<b>9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY</b>			
Management fee payable	9.1	1,265	1,130
Sindh sales tax payable on remuneration of the Management Company	9.2	164	147
Reimbursement of allocated expenses payable	9.3	3,329	4,864
Reimbursement of selling and marketing expenses payable	9.4	533	-
Sales load payable		163	2,039
Sindh sales tax payable on sales load		21	265
ADC charges payable including Sindh sales tax		42	12
		<u>5,518</u>	<u>8,457</u>

- 9.1 The Management Company has charged its remuneration at the rate of 1% (2021: 1%) on net income, subject to floor and capping of 0.1% 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. 1.706 million (2021: Rs. 1.787 million) was charged on account of sales tax on management fee levied through 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).

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

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to June 30, 2021
0.125% per annum of average annual net assets	0.1% per annum of average annual net assets	0.125% per annum 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 at the following rates keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations.

Rate applicable from July 1, 2021 to July 25, 2021	Rate applicable from July 26, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 29, 2021	Rate applicable from March 30, 2021 to June 30, 2021
0% per annum of average annual net assets	0.02% per annum of average annual net assets	0.2% per annum of average annual net assets	0% per annum of average annual net assets

		2022	2021
	Note	----- (Rupees in 000) -----	
<b>10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY</b>			
Trustee fee payable	10.1	484	734
Sindh sales tax payable on the trustee fee	10.2	63	95
		<u>547</u>	<u>829</u>

- 10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed charged under the following rates:

Rate applicable from July 1, 2021 to September 30, 2021	Rate applicable from October 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to June 30, 2021
0.065% per annum of average annual net assets	0.055% per annum of average annual net assets	0.065% per annum of average annual net assets

- 10.2 During the year, an amount of Rs. 0.922 million (2021: Rs. 1.161 million) was charged on account of sales tax at the rate of 13% (2021: 13%) on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

		2022	2021
	Note	----- (Rupees in 000) -----	
<b>11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable	11.1	<u>2,452</u>	<u>2,749</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 (Rupees in 000)	2021
Provision for Sindh Workers' Welfare Fund	12.1	-	22,404
Auditors' remuneration		544	445
Shariah advisory fee payable		1,814	1,762
Legal fee payable		150	144
Withholding tax payable		8,549	5,415
Payable against printing charges		70	112
Bank and settlement charges payable		131	82
		<u>11,258</u>	<u>30,364</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 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Accordingly, going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

## 13 CONTINGENCIES AND COMMITMENTS

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

## 14 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.

15 NUMBER OF UNITS IN ISSUE	2022 (Number of units)	2021
Total units in issue at the beginning of the year	1,329,208,831	824,318,625
Units issued during the year	1,555,995,684	3,369,822,545
Less: units redeemed during the year	1,765,975,305	2,864,932,339
Total units in issue at the end of the year	<u>1,119,229,210</u>	<u>1,329,208,831</u>

	2022	2021
	----- (Rupees in 000) -----	
<b>16 AUDITORS' REMUNERATION</b>		
Annual audit fee	374	349
Half yearly review	102	95
Other certification	120	100
Out of pocket expenses	140	122
	<b>736</b>	<b>666</b>

## 17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent 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 percent 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.

## 18 EARNINGS PER UNIT

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

## 19 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund as at June 30, 2022 is 0.38% (2021: 0.62%) which includes 0.04% (2021: 0.17%) representing government levies, Sindh Worker's Welfare Fund and the SECP fee. The TER excluding government levies is 0.34% (2021: 0.45%) which is within the maximum limit of 2% (2021: 2%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a Shariah compliant money market scheme.

## 20 TOTAL DISTRIBUTION

The Fund makes distribution on daily basis as per clause 12.1 of the Trust Deed and clause 1.4 of the Offering Document and re-invests the distributed dividend as per clause 1.4 of the Offering Document. During the year ended June 30, 2022, the Management Company on behalf of the Fund, has distributed total profit earned during the year amounting to Rs 1,105.534 million as dividend after deducting applicable taxes.

Payout date	Payout per unit	Payout date	Payout per unit	Payout date	Payout per unit
	Rupees		Rupees		Rupees
July 1, 2021	0.0019	July 13, 2021	0.0018	July 25, 2021	0.0018
July 2, 2021	0.0019	July 14, 2021	0.0018	July 26, 2021	0.0017
July 3, 2021	0.0019	July 15, 2021	0.0017	July 27, 2021	0.0018
July 4, 2021	0.0020	July 16, 2021	0.0018	July 28, 2021	0.0018
July 5, 2021	0.0019	July 17, 2021	0.0018	July 29, 2021	0.0017
July 6, 2021	0.0019	July 18, 2021	0.0017	July 30, 2021	0.0018
July 7, 2021	0.0018	July 19, 2021	0.0018	July 31, 2021	0.0018
July 8, 2021	0.0017	July 20, 2021	0.0018	August 1, 2021	0.0017
July 9, 2021	0.0018	July 21, 2021	0.0017	August 2, 2021	0.0018
July 10, 2021	0.0017	July 22, 2021	0.0018	August 3, 2021	0.0018
July 11, 2021	0.0018	July 23, 2021	0.0018	August 4, 2021	0.0017
July 12, 2021	0.0017	July 24, 2021	0.0017	August 5, 2021	0.0018

# NBP ISLAMIC DAILY DIVIDEND FUND



**NBP FUNDS**  
Managing Your Savings

NBP Fund Management Limited

Payout date	Payout per unit	Payout date	Payout per unit	Payout date	Payout per unit
	Rupees		Rupees		Rupees
August 6, 2021	0.0018	October 5, 2021	0.0021	December 4, 2021	0.0023
August 7, 2021	0.0017	October 6, 2021	0.0020	December 5, 2021	0.0021
August 8, 2021	0.0018	October 7, 2021	0.0020	December 6, 2021	0.0022
August 9, 2021	0.0017	October 8, 2021	0.0020	December 7, 2021	0.0023
August 10, 2021	0.0018	October 9, 2021	0.0018	December 8, 2021	0.0023
August 11, 2021	0.0018	October 10, 2021	0.0018	December 9, 2021	0.0023
August 12, 2021	0.0018	October 11, 2021	0.0019	December 10, 2021	0.0023
August 13, 2021	0.0017	October 12, 2021	0.0019	December 11, 2021	0.0024
August 14, 2021	0.0185	October 13, 2021	0.0018	December 12, 2021	0.0023
August 15, 2021	0.0018	October 14, 2021	0.0018	December 13, 2021	0.0023
August 16, 2021	0.0018	October 15, 2021	0.0019	December 14, 2021	0.0024
August 17, 2021	0.0018	October 16, 2021	0.0019	December 15, 2021	0.0024
August 18, 2021	0.0018	October 17, 2021	0.0018	December 16, 2021	0.0024
August 19, 2021	0.0018	October 18, 2021	0.0019	December 17, 2021	0.0026
August 20, 2021	0.0018	October 19, 2021	0.0018	December 18, 2021	0.0026
August 21, 2021	0.0019	October 20, 2021	0.0019	December 19, 2021	0.0025
August 22, 2021	0.0018	October 21, 2021	0.0018	December 20, 2021	0.0025
August 23, 2021	0.0018	October 22, 2021	0.0019	December 21, 2021	0.0028
August 24, 2021	0.0018	October 23, 2021	0.0018	December 22, 2021	0.0028
August 25, 2021	0.0018	October 24, 2021	0.0018	December 23, 2021	0.0028
August 26, 2021	0.0018	October 25, 2021	0.0019	December 24, 2021	0.0028
August 27, 2021	0.0018	October 26, 2021	0.0018	December 25, 2021	0.0028
August 28, 2021	0.0018	October 27, 2021	0.0019	December 26, 2021	0.0028
August 29, 2021	0.0018	October 28, 2021	0.0018	December 27, 2021	0.0028
August 30, 2021	0.0018	October 29, 2021	0.0018	December 28, 2021	0.0028
August 31, 2021	0.0018	October 30, 2021	0.0019	December 29, 2021	0.0028
September 1, 2021	0.0018	October 31, 2021	0.0018	December 30, 2021	0.0028
September 2, 2021	0.0018	November 1, 2021	0.0018	December 31, 2021	0.0028
September 3, 2021	0.0018	November 2, 2021	0.0019	January 1, 2022	0.0028
September 4, 2021	0.0018	November 3, 2021	0.0019	January 2, 2022	0.0027
September 5, 2021	0.0018	November 4, 2021	0.0019	January 3, 2022	0.0028
September 6, 2021	0.0018	November 5, 2021	0.0019	January 4, 2022	0.0028
September 7, 2021	0.0018	November 6, 2021	0.0019	January 5, 2022	0.0028
September 8, 2021	0.0018	November 7, 2021	0.0019	January 6, 2022	0.0028
September 9, 2021	0.0018	November 8, 2021	0.0019	January 7, 2022	0.0028
September 10, 2021	0.0017	November 9, 2021	0.0019	January 8, 2022	0.0028
September 11, 2021	0.0018	November 10, 2021	0.0020	January 9, 2022	0.0028
September 12, 2021	0.0018	November 11, 2021	0.0019	January 10, 2022	0.0027
September 13, 2021	0.0018	November 12, 2021	0.0020	January 11, 2022	0.0026
September 14, 2021	0.0018	November 13, 2021	0.0019	January 12, 2022	0.0026
September 15, 2021	0.0018	November 14, 2021	0.0019	January 13, 2022	0.0026
September 16, 2021	0.0018	November 15, 2021	0.0019	January 14, 2022	0.0026
September 17, 2021	0.0019	November 16, 2021	0.0020	January 15, 2022	0.0026
September 18, 2021	0.0020	November 17, 2021	0.0019	January 16, 2022	0.0026
September 19, 2021	0.0019	November 18, 2021	0.0020	January 17, 2022	0.0026
September 20, 2021	0.0019	November 19, 2021	0.0019	January 18, 2022	0.0026
September 21, 2021	0.0019	November 20, 2021	0.0020	January 19, 2022	0.0026
September 22, 2021	0.0020	November 21, 2021	0.0019	January 20, 2022	0.0026
September 23, 2021	0.0020	November 22, 2021	0.0019	January 21, 2022	0.0026
September 24, 2021	0.0019	November 23, 2021	0.0022	January 22, 2022	0.0026
September 25, 2021	0.0020	November 24, 2021	0.0021	January 23, 2022	0.0026
September 26, 2021	0.0019	November 25, 2021	0.0022	January 24, 2022	0.0026
September 27, 2021	0.0020	November 26, 2021	0.0022	January 25, 2022	0.0026
September 28, 2021	0.0020	November 27, 2021	0.0022	January 26, 2022	0.0026
September 29, 2021	0.0020	November 28, 2021	0.0021	January 27, 2022	0.0026
September 30, 2021	0.0019	November 29, 2021	0.0022	January 28, 2022	0.0026
October 1, 2021	0.0020	November 30, 2021	0.0022	January 29, 2022	0.0026
October 2, 2021	0.0020	December 1, 2021	0.0022	January 30, 2022	0.0025
October 3, 2021	0.0020	December 2, 2021	0.0022	January 31, 2022	0.0026
October 4, 2021	0.0019	December 3, 2021	0.0023	February 1, 2022	0.0026

Payout date	Payout per unit	Payout date	Payout per unit	Payout date	Payout per unit
	Rupees		Rupees		Rupees
February 2, 2022	0.0025	March 24, 2022	0.0028	May 13, 2022	0.0031
February 3, 2022	0.0025	March 25, 2022	0.0028	May 14, 2022	0.0032
February 4, 2022	0.0025	March 26, 2022	0.0028	May 15, 2022	0.0031
February 5, 2022	0.0025	March 27, 2022	0.0027	May 16, 2022	0.0032
February 6, 2022	0.0025	March 28, 2022	0.0028	May 17, 2022	0.0032
February 7, 2022	0.0025	March 29, 2022	0.0028	May 18, 2022	0.0032
February 8, 2022	0.0025	March 30, 2022	0.0028	May 19, 2022	0.0032
February 9, 2022	0.0025	March 31, 2022	0.0027	May 20, 2022	0.0032
February 10, 2022	0.0025	April 1, 2022	0.0027	May 21, 2022	0.0032
February 11, 2022	0.0025	April 2, 2022	0.0025	May 22, 2022	0.0033
February 12, 2022	0.0025	April 3, 2022	0.0017	May 23, 2022	0.0032
February 13, 2022	0.0025	April 4, 2022	0.0018	May 24, 2022	0.0033
February 14, 2022	0.0025	April 5, 2022	0.0018	May 25, 2022	0.0035
February 15, 2022	0.0025	April 6, 2022	0.0027	May 26, 2022	0.0036
February 16, 2022	0.0025	April 7, 2022	0.0026	May 27, 2022	0.0036
February 17, 2022	0.0025	April 8, 2022	0.0027	May 28, 2022	0.0036
February 18, 2022	0.0026	April 9, 2022	0.0028	May 29, 2022	0.0036
February 19, 2022	0.0025	April 10, 2022	0.0028	May 30, 2022	0.0035
February 20, 2022	0.0026	April 11, 2022	0.0028	May 31, 2022	0.0036
February 21, 2022	0.0026	April 12, 2022	0.0028	June 1, 2022	0.0036
February 22, 2022	0.0025	April 13, 2022	0.0030	June 2, 2022	0.0037
February 23, 2022	0.0025	April 14, 2022	0.0031	June 3, 2022	0.0037
February 24, 2022	0.0026	April 15, 2022	0.0029	June 4, 2022	0.0037
February 25, 2022	0.0025	April 16, 2022	0.0030	June 5, 2022	0.0036
February 26, 2022	0.0026	April 17, 2022	0.0030	June 6, 2022	0.0037
February 27, 2022	0.0026	April 18, 2022	0.0030	June 7, 2022	0.0037
February 28, 2022	0.0025	April 19, 2022	0.0029	June 8, 2022	0.0037
March 1, 2022	0.0026	April 20, 2022	0.0030	June 9, 2022	0.0037
March 2, 2022	0.0026	April 21, 2022	0.0029	June 10, 2022	0.0038
March 3, 2022	0.0026	April 22, 2022	0.0030	June 11, 2022	0.0037
March 4, 2022	0.0026	April 23, 2022	0.0029	June 12, 2022	0.0037
March 5, 2022	0.0026	April 24, 2022	0.0030	June 13, 2022	0.0037
March 6, 2022	0.0025	April 25, 2022	0.0029	June 14, 2022	0.0040
March 7, 2022	0.0026	April 26, 2022	0.0030	June 15, 2022	0.0041
March 8, 2022	0.0026	April 27, 2022	0.0030	June 16, 2022	0.0040
March 9, 2022	0.0026	April 28, 2022	0.0029	June 17, 2022	0.0041
March 10, 2022	0.0026	April 29, 2022	0.0030	June 18, 2022	0.0040
March 11, 2022	0.0026	April 30, 2022	0.0029	June 19, 2022	0.0040
March 12, 2022	0.0027	May 1, 2022	0.0030	June 20, 2022	0.0040
March 13, 2022	0.0027	May 2, 2022	0.0030	June 21, 2022	0.0040
March 14, 2022	0.0027	May 3, 2022	0.0029	June 22, 2022	0.0040
March 15, 2022	0.0028	May 4, 2022	0.0030	June 23, 2022	0.0041
March 16, 2022	0.0027	May 5, 2022	0.0029	June 24, 2022	0.0040
March 17, 2022	0.0028	May 6, 2022	0.0030	June 25, 2022	0.0040
March 18, 2022	0.0027	May 7, 2022	0.0035	June 26, 2022	0.0040
March 19, 2022	0.0028	May 8, 2022	0.0032	June 27, 2022	0.0040
March 20, 2022	0.0027	May 9, 2022	0.0031	June 28, 2022	0.0040
March 21, 2022	0.0028	May 10, 2022	0.0031	June 29, 2022	0.0040
March 22, 2022	0.0028	May 11, 2022	0.0032	June 30, 2022	0.0040
March 23, 2022	0.0028	May 12, 2022	0.0032		

## 21 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 21.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) 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 CIs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the



net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

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

	2022	2021
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration of the Management Company	13,127	13,743
Sindh sales tax on remuneration of the Management Company	1,706	1,787
Reimbursement of allocated expenses	15,322	16,301
Reimbursement of selling and marketing expense	2,259	19,563
Sales and transfer load	866	821
Sindh sales tax on sales and transfer load	113	107
ADC charges including Sindh sales tax	46	20
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration of the Trustee	7,093	8,933
Sindh sales tax on remuneration of the Trustee	922	1,161
<b>Key management personnel of the Management Company</b>		
Dividend re-invest units issued - 80,761 units (2021: 3,282 units)	808	33
Units issued - 3,629,466 units (2021: 1,221,942 units)	36,295	12,220
Units redeemed - 1,804,411 units (2021: 874,034 units)	18,044	8,740
<b>Pakistan Defence Officers Housing Authority - unit holder with more than 10% holding</b>		
Dividend re-invest units issued - 20,078,688 (2021: 15,716,243 units)	236,220	157,162
Units issued - Nil (2021: 150,000,000 units)	-	1,500,000
Units redeemed - 25,000,000 (2021: 77,000,000 units)	250,000	770,000
<b>Feroze1888 Mills Limited - unit holder with more than 10% holding**</b>		
Dividend re-invest units issued - Nil (2021: 5,062,254 units)	-	50,623
Units issued - Nil (2021: 180,000,000 units)	-	1,800,000
Units redeemed - Nil (2021: 50,000,000 units)	-	500,000
<b>National Bank of Pakistan - parent company</b>		
Profit on bank balances***	-	2
<b>Baltoro Partners (Private) Limited - common directorship</b>		
Dividend re-invest units issued - 2,051 units (2021: 4,276 units)	21	43
Units redeemed - 82,800 units (2021: Nil)	828	-

	2022	2021
	----- Rupees in '000 -----	
<b>Portfolio managed by the Management Company</b>		
Dividend re-invest units issued - 2,862,892 units (2021: 618,973 units)	28,629	6,190
Units issued - 58,210,850 units (2021: 307,737,178 units)	582,109	307,372
Units redeemed - 39,361,083 units (2021: 26,120,360 units)	393,611	261,204
<b>The Hub Power Company Limited**</b>		
Purchase of sukuk certificates	-	419,000
Profit on sukuk certificates	-	24,210
<b>Pakistan Stock Exchange Limited**</b>		
Listing fee paid	-	25
<b>NBP Islamic Money Market Fund</b>		
Purchase of commercial papers (K-Electric Limited)	-	240,174
<b>NAFA Islamic Capital Preservation Plan - I</b>		
Dividend re-invest units issued - 228,239 units (2021: Nil)	2,282	-
Units issued / transferred in - 2,971,200 units (2021: Nil)	29,712	-
<b>NAFA Islamic Capital Preservation Plan - II</b>		
Dividend re-invest units issued - 49,514 units (2021: Nil)	495	-
Units issued / transferred in - 2,449,200 units (2021: Nil)	24,492	-
Units redeemed / transferred out - 2,220,000 units (2021: Nil)	22,200	-
<b>NAFA Islamic Capital Preservation Plan - III</b>		
Dividend re-invest units issued - 125,789 units (2021: Nil)	1,258	-
Units issued / transferred in - 2,286,800 units (2021: Nil)	22,868	-
Units redeemed / transferred out - 1,000,000 units (2021: Nil)	10,000	-
<b>NAFA Islamic Capital Preservation Plan - IV</b>		
Dividend re-invest units issued - 132,768 units (2021: 269,604 units)	1,328	2,696
Units issued / transferred in - 2,239,200 units (2021: 13,250,000 units)	22,392	132,500
Units redeemed / transferred out - 1,392,400 units (2021: 13,519,604 units)	13,924	135,196
<b>NBP Islamic Capital Preservation Plan - V</b>		
Dividend re-invest units issued - 144,114 units (2021: 199,495 units)	1,441	1,995
Units issued / transferred in - 2,480,500 units (2021: 7,950,000 units)	24,805	79,500
Units redeemed / transferred out - 1,239,000 units (2021: 8,149,495 units)	12,390	81,495

## 21.7 Amounts / balances outstanding as at year end are as follows

<b>NBP Fund Management Limited - the Management Company</b>		
Remuneration payable to the Management Company	1,265	1,130
Sindh sales tax on remuneration of the Management Company	164	147
Reimbursement of allocated expenses payable	3,329	4,864
Reimbursement of selling and marketing expenses payable	533	-
Sales load payable to Management Company	163	2,039
Sindh sales tax payable on sales load	21	265
ADC charges payable including Sindh sales tax	42	12

	2022	2021
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration payable to the Trustee	484	734
Sindh sales tax payable on Trustee remuneration	63	95
Security deposit with Central Depository Company of Pakistan Limited	100	100
<b>Key management personnel of the Management Company</b>		
Units outstanding - 2,341,459 units (2021: 435,643 units)	23,415	4,356
<b>Pakistan Defence Officers Housing Authority - unit holders with more than 10% holding**</b>		
Units outstanding - 247,594,222 (2021: 252,515,533 units)	2,475,942	2,525,155
<b>National Bank of Pakistan - parent company</b>		
Bank balance	393	133
Profit receivable***	-	-
<b>BankIslami Pakistan Limited - common directorship</b>		
Bank balance	2,940	2,550
<b>NAFA Islamic Capital Preservation Plan - I</b>		
Units outstanding - 3,199,439 units (2021: Nil)	31,994	-
<b>NAFA Islamic Capital Preservation Plan - II</b>		
Units outstanding - 278,714 units (2021: Nil)	2,787	-
<b>NAFA Islamic Capital Preservation Plan - III</b>		
Units outstanding - 1,412,589 units (2021: Nil)	14,126	-
<b>NAFA Islamic Capital Preservation Plan - IV</b>		
Units outstanding - 979,568 units (2021: Nil)	9,796	-
<b>NBP Islamic Capital Preservation Plan - V</b>		
Units outstanding - 1,385,614 units (2021: Nil)	13,856	-
<b>Baltoro Partners (Private) Limited - common directorship</b>		
Units outstanding - 374 units (2021: 81,132 units)	4	811
<b>Feroze1888 Mills Limited - unit holder with more than 10% holding**</b>		
Units outstanding - Nil (2021: 185,299,094 units)	-	1,852,991
<b>Portfolio managed by the Management Company</b>		
Units outstanding - 37,568,504 units (2021: 15,855,845 units)	375,686	158,558

\* Prior period comparative has not been shown as the company was not a related party / connected person as at June 30, 2021.

\*\* Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2022.

\*\*\* Nil due to rounding off differences.

21.8 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

22 CASH AND CASH EQUIVALENTS	Note	2022	2021
		Rupees in '000	
Bank balances	4	9,869,948	11,427,064
Term deposit receipts	5.3	500,000	104,000
		<u>10,369,948</u>	<u>11,531,064</u>

## 23 FINANCIAL INSTRUMENTS BY CATEGORY

-----2022-----		
At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----		

### Financial assets

Bank balances	-	9,869,948	9,869,948
Investments	1,200,000	-	1,200,000
Profit receivable	-	157,612	157,612
Deposits and other receivables	-	100	100
	<u>1,200,000</u>	<u>10,027,660</u>	<u>11,227,660</u>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	5,518	5,518
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	547	547
Payable against redemption of units	-	16,791	16,791
Accrued expenses and other liabilities	-	2,709	2,709
	<u>-</u>	<u>25,565</u>	<u>25,565</u>

-----2021-----		
At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----		

### Financial assets

Bank balances	-	11,427,064	11,427,064
Investments	1,827,925	-	1,827,925
Profit receivable	-	77,956	77,956
Deposits	-	100	100
	<u>1,827,925</u>	<u>11,505,120</u>	<u>13,333,045</u>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	8,457	8,457
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	829	829
Accrued expenses and other liabilities	-	2,545	2,545
	<u>-</u>	<u>11,831</u>	<u>11,831</u>

## 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 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: yield / profit rate risk, currency risk, and price risk.

#### (i) Yield / profit rate risk

Yield / profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on bank balances, term deposit receipts and corporate sukuk certificates. 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 bank balances, corporate sukuk certificates and term deposit receipts 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. 110.575 million (2021: Rs. 115.165 million).

#### b) Sensitivity analysis for fixed rate instruments

As of June 30, 2022, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

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 risk	Total
	Up to three months	More than three months and up to one year	More than one year		

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

### Financial assets

Bank balances	6.50 - 15.59	9,857,463	-	-	12,485	9,869,948
Investments	11.61 - 15.00	500,000	700,000	-	-	1,200,000
Profit receivable		-	-	-	157,612	157,612
Deposits and other receivable		-	-	-	100	100
		<b>10,357,463</b>	<b>700,000</b>	<b>-</b>	<b>170,197</b>	<b>11,227,660</b>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	5,518	5,518
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	547	547
Payable against redemption of units		-	-	-	16,791	16,791
Accrued expenses and other liabilities		-	-	-	2,709	2,709
		<b>-</b>	<b>-</b>	<b>-</b>	<b>25,565</b>	<b>25,565</b>

### On-balance sheet gap

<b>10,357,463</b>	<b>700,000</b>	<b>-</b>	<b>144,632</b>
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### Total profit rate sensitivity gap

<b>10,357,463</b>	<b>700,000</b>	<b>-</b>
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### Cumulative profit rate sensitivity gap

<b>10,357,463</b>	<b>11,057,463</b>	<b>11,057,463</b>
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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 year	More than one year		

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

### Financial assets

Bank balances	4.50%-7.40%	11,412,546	-	-	14,518	11,427,064
Investments	6.9%-8.48%	1,359,479	468,446	-	-	1,827,925
Profit receivable		-	-	-	77,956	77,956
Deposits		-	-	-	100	100
		<b>12,772,025</b>	<b>468,446</b>	<b>-</b>	<b>92,574</b>	<b>13,333,045</b>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	8,457	8,457
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	829	829
Accrued expenses and other liabilities		-	-	-	2,545	2,545
		<b>-</b>	<b>-</b>	<b>-</b>	<b>11,831</b>	<b>11,831</b>

### On-balance sheet gap

<b>12,772,025</b>	<b>468,446</b>	<b>-</b>	<b>80,743</b>
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### Total profit rate sensitivity gap

<b>12,772,025</b>	<b>468,446</b>	<b>-</b>
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### Cumulative profit rate sensitivity gap

<b>12,772,025</b>	<b>13,240,471</b>	<b>13,240,471</b>
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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 interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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. The Fund does not have any investment in equity securities as of June 30, 2022.

## 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 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 liabilities. 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, liabilities that are payable on demand have been included in the maturity grouping of one month:

	-----2022-----						
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
	----- Rupees in '000 -----						
<b>Financial liabilities</b>							
Payable to NBP Fund Management Limited - the Management Company	5,518	-	-	-	-	-	5,518
Payable to Central Depository Company of Pakistan Limited - the Trustee	547	-	-	-	-	-	547
Payable against redemption of units	16,791	-	-	-	-	-	16,791
Accrued expenses and other liabilities	2,165	544	-	-	-	-	2,709
	<b>25,021</b>	<b>544</b>	-	-	-	-	<b>25,565</b>

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

Rupees in '000

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	8,457	-	-	-	-	-	8,457
Payable to Central Depository Company of Pakistan Limited - the Trustee	829	-	-	-	-	-	829
Accrued expenses and other liabilities	2,100	445	-	-	-	-	2,545
	<u>11,386</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,831</u>

## 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

Rupees in '000

Bank balances	<b>9,869,948</b>	<b>9,869,948</b>	11,427,064	11,427,064
Investments	<b>1,200,000</b>	<b>1,200,000</b>	1,827,925	1,827,925
Profit receivable	<b>157,612</b>	<b>157,612</b>	77,956	77,956
Deposits and other receivable	<b>100</b>	<b>100</b>	100	100
	<u><b>11,227,660</b></u>	<u><b>11,227,660</b></u>	<u>13,333,045</u>	<u>13,333,045</u>

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

### 24.3.2 Credit quality of financial assets

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



Rating	2022 % of financial assets exposed to credit risk	2021 % of financial assets exposed to credit risk
<b>Bank balances</b>		
AAA	88.27%	86.10%
AA+	0.002%	-
AA	0.55%	0.06%
AA-	0.11%	0.11%
A+	0.01%	0.02%
<b>Islamic commercial papers</b>		
A-1+	-	12.93%
<b>Corporate sukuk certificates</b>		
AA+	6.50%	-
<b>Term deposit receipts</b>		
AA+	4.52%	0.78%

## 25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

### 25.1 Fair value hierarchy

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

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

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

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

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

	2022			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
<b>ASSETS</b>				
<b>Financial assets 'at fair value through profit or loss'</b>				
Investment in:				
Term deposit receipts*	-	500,000	-	500,000
Corporate sukuk certificates*	-	700,000	-	700,000
	-	1,200,000	-	1,200,000

	2021			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
<b>ASSETS</b>				
<b>Financial assets 'at fair value through profit or loss'</b>				
Investment in:				
Term deposit receipts*	-	104,000	-	104,000
Islamic commercial papers**	-	1,723,925	-	1,723,925
	-	1,827,925	-	1,827,925

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

\*\* The valuation of Islamic commercial papers has been done based on amortisation to its fair value as per the guidelines given in Circular 33 of 2012 issued by the SECP since the residual maturity of these investments are 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. They are entitled to distributions and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

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

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

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

## 27 UNIT HOLDING PATTERN OF THE FUND

Category	June 30, 2022			June 30, 2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	343	872,449	7.80%	174	756,175	5.69%
Insurance companies	8	70,086	0.63%	5	20,724	0.16%
NBFCs	5	72,559	0.65%	-	-	-
Retirement funds	36	952,375	8.51%	16	352,132	2.65%
Public limited companies	5	1,270,032	11.35%	10	3,880,206	29.19%
Others	78	7,954,794	71.07%	55	8,282,835	62.31%
	<b>475</b>	<b>11,192,294</b>	<b>100%</b>	<b>260</b>	<b>13,292,072</b>	<b>100%</b>

## 28 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	34
Asim Wahab Khan	Chief Investment Officer	CFA	16
Salman Ahmed	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

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

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

## 29 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of directors	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
Tauqeer Mazhar [Note 29.1]	4	4	-	-
Mehnaz Salar	5	5	-	-
Ali Saigol	5	5	-	-
Imran Zaffar	5	4	1	85th BOD Meeting
Khalid Mansoor	5	4	1	82nd BOD Meeting
Saad Amanullah Khan	5	5	-	-
Humayun Bashir	5	5	-	-
Amjad Waheed	5	5	-	-

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

## 30 GENERAL

30.1 Figures have been rounded off to the nearest thousand Rupees, unless otherwise specified.

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

**31 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 Period ended June 30, 2022	For the Period ended June 30, 2021	For the Period ended June 30, 2020
Net assets (Rs. '000')	11,192,294	13,292,072	8,243,147
Net Income / (loss) (Rs. '000')	1,105,534	869,643	228,167
Net Asset Value per units (Rs.)	10.0000	10.0000	10.0000
Offer price per unit	10.1130	10.1130	10.0565
Redemption price per unit	10.0000	10.0000	
Ex - Highest offer price per unit (Rs.)	10.11	10.1111	10.0565
Ex - Lowest offer price per unit (Rs.)	9.23	9.4377	9.3548
Ex - Highest redemption price per unit (Rs.)	10.00	9.9981	10.0000
Ex - Lowest redemption price per unit (Rs.)	9.12	9.3847	9.3023
Opening Nav of Fiscal Year	9.12	9.3828	9.3023
Total return of the fund	9.61%	6.55%	7.50%
Capital growth	0.43%	0.20%	0.27%
Income distribution as a % of e x nav	9.18%	6.35%	7.23%
Income distribution as a % of par value	9.18%	6.35%	7.23%
Interim distribution per unit	0.9181	0.6351	0.7234
Final distribution per unit			-
<b>Distribution dates</b>			
Interim	Daily	Daily	Daily
Final			
Average annual return (launch date 01-11-19) (Since inception to June 30, 2020)	8.92%	8.51%	11.31%
Portfolio Composition (Please see Fund Manager Report)			
Weighted average portfolio duration	6 Days	11 Days	31 Days

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

## Head Office

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