

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



اسلامک سیونگز

Islamic Savings

NBP Fund Management Limited



NBP ISLAMIC MONEY MARKET FUND

ANNUAL REPORT
2022

AM1
Rated by PACRA

MISSION STATEMENT

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

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	07
TRUSTEE REPORT TO THE UNIT HOLDERS	13
FUND MANAGER REPORT	14
STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES	16
REPORT OF THE SHARI'AH SUPERVISORY BOARD	17
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	18
STATEMENT OF ASSETS AND LIABILITIES	21
INCOME STATEMENT	22
STATEMENT OF COMPREHENSIVE INCOME	23
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	24
CASH FLOW STATEMENT	25
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	26
PERFORMANCE TABLE	56

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

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

Auditors

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

Legal Advisor

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

Head Office:

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



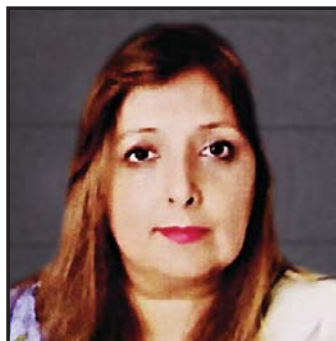
Mr. Tauqeer Mazhar
Director



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 5th Annual Report of **NBP Islamic Money Market Fund (NIMMF)** for the year ended June 30, 2022.

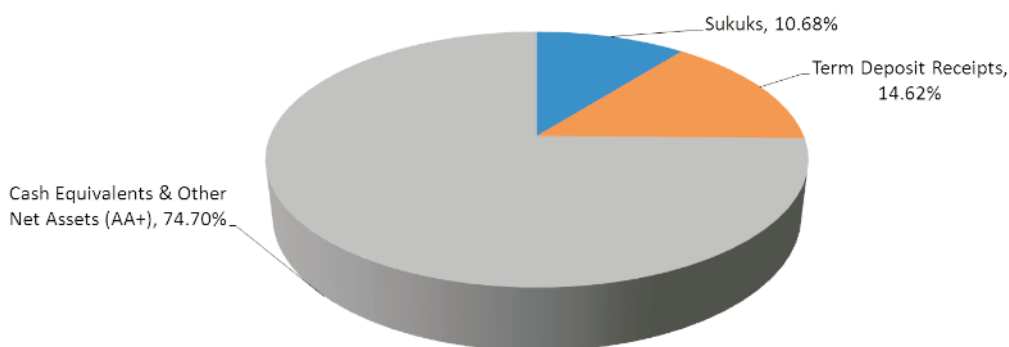
Fund's Performance

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 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.

NIMMF 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 while also providing easy liquidity along with a high-quality credit profile.

The size of NBP Islamic Money Market Fund has increased from Rs. 4,823 million to Rs. 6,087 million during the period, i.e., a growth of 26%. During the said period, the unit price of the Fund has increased from Rs. 9.2254 (Ex-Div) on June 30, 2021 to Rs. 10.0764 on June 30, 2022 thus posting a return of 9.2% 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. 536.72 million during the year. After deducting total expenses of Rs. 47.85 million, the net income is Rs. 488.87 million. The asset allocation of NBP Islamic Money Market 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 8.94% of the opening ex-NAV (8.99% of the par value) during the year ended June 30, 2022.

Taxation

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

Sindh Workers' Welfare Fund (SWWF)

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by NBP ISLAMIC MONEY MARKET FUND amounting to Rs. 16.75 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 MONEY MARKET FUND by 0.37% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

The present auditors Messrs Yousuf Adil Chartered Accountants, has completed their five years tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(1) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the replacement would be required. The Board has approved the appointment of Messrs A. F. Ferguson & Co. Chartered Accountants, offer for 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 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 26 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 24 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2022, the Board included:

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

Date: **September 27, 2022**

Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز NBP اسلامک منی مارکیٹ فنڈ (NIMMF) کی پانچویں سالانہ رپورٹ برائے اختتامہ سال 30 جون 2022 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

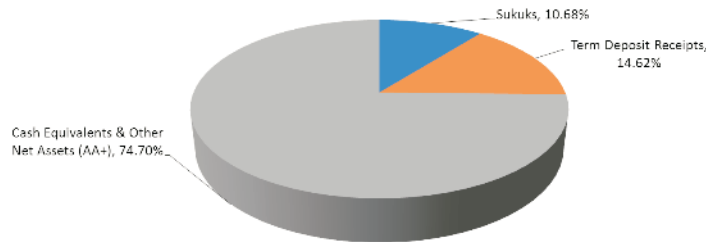
فنڈ کی کارکردگی

مارکیٹ میں قلیل مدتی کارپوریٹ سکوک اور کمرشل پیپرز کا تازہ اجراء دیکھا گیا جن کا تعلق بنیادی طور پر پاور سیکٹرز 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) غذائی اجزاء کی قیمتوں میں تیزی سے اضافہ (ii) روپیہ پر مسلسل دباؤ (iii) یوٹیلٹی ٹیرف میں اضافہ اور (iv) ایندھن کی سبسڈی کا ختم ہونا۔ CPI کی پیمائش کردہ افراط زر جون-22 میں 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۔

NIMMF کو شریعہ کی کمیٹی نے منی مارکیٹ فنڈ کے طور پر درجہ بند کیا گیا ہے۔ اس فنڈ کا مقصد اسلامی بینکوں/کمرشل بینکوں کی 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 سیکورٹی میں سرمایہ کاری کرنے کی اجازت نہیں ہے۔ فنڈ کی میچورٹی کا وزنی اوسط وقت 90 دن سے زیادہ نہیں ہو سکتا جبکہ ایک اعلیٰ معیار کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی فراہم کرتا ہے۔

موجودہ مدت کے دوران NBP اسلامک منی مارکیٹ فنڈ کا سائز 4,823 ملین روپے سے بڑھ کر 6,087 ملین روپے ہو گیا ہے یعنی 26% کا اضافہ ہوا ہے۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 9.2254 روپے (EX-Div) سے بڑھ کر 30 جون 2022 کو 10.0764 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے نیچ مارک 3.7% کے مقابلے میں 9.2% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی میٹمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 536.72 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 47.85 ملین روپے کے اخراجات متہا کرنے کے بعد خالص آمدنی 488.87 ملین روپے ہے۔ 30 جون 2022 کو NBP اسلامک منی مارکیٹ فنڈ کی ایسٹ ایلوکییشن حسب ذیل ہے:



آمدنی کی تقسیم

میٹمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کا 8.94% (بنیادی قدر کا 8.99%) عبوری نقد ڈیویڈنڈ منظور کیا ہے۔

تعمیرات

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

سندھ ورکرز ویلفیئر فنڈ (SWWF)

13 اگست 2021 کو NBP اسلامک منی مارکیٹ فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروویڈنٹ کے بعد درآمد نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ کلیمز کی تصدیق پر میوچل فنڈ ز ایسوسی ایشن آف پاکستان کو دی گئی 16.75 ملین روپے کی پروویڈنٹ رپورس کردی گئی۔ پروویڈنٹ کی اس واپسی کے باعث 13 اگست 2021 کو NBP اسلامک منی مارکیٹ فنڈ کے NAV میں 0.37% 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 عادل چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹ کی حیثیت سے اپنی پانچ سالہ مدت پوری کر لی ہے۔ غیر بینکنگ مالیاتی کمپنیاں اور مطلع شدہ اداروں کے ضوابط، 2008 کے ریگولیشنز 38(1) کی ضرورت کے مطابق، متبادل کی ضرورت ہوگی۔ بورڈ نے میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی منظوری دے دی ہے، جو 30 جون 2023 کو ختم ہونے والے سال کے لیے تقرری کی پیشکش ہے۔

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

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو 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۔ شمار یا قیاسی 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 دواں 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 مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پینل مالیاتی گوشواروں کے نوٹ 26 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 24 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 فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
1. جناب خالد منصور	غیر جانبدار ڈائریکٹرز
2. جناب سعد امان اللہ خان	
3. جناب ہمایوں بشیر	
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1. شیخ محمد عبدالواحد سیٹھی (چیئر مین)	نان ایگزیکٹو ڈائریکٹرز
2. جناب توقیر مظہر	
3. محترمہ مہناز سالار	
4. جناب علی سیدگل	
5. جناب عمران ظفر	



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 آرٹسٹری 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 ڈیز 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 Money Market 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 Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2022

FUND MANAGER REPORT

NBP Islamic Money Market Fund

NBP Islamic Money Market Fund (NIMMF) is an Open-End Shariah Compliant Money Market Fund.

Investment Objective of the Fund

To provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorized 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 5th Annual report since the launch of the Fund on February 28, 2018. The Fund size increased by 26% during the year and stands at Rs. 6 billion as of June 30, 2022. Since its inception, the Fund has earned an annualized return of 8.5% versus the benchmark return of 3.9%, thus registering an outperformance of 4.6% p.a. During FY22, the Fund posted 9.2% return versus the benchmark return of 3.7%, thus registering an outperformance of 5.5% p.a. This outperformance is net of management fee and other expenses.

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

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 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
Commercial papers	-	3.87%
TFCS / Sukuks	10.68%	9.64%
TDRs	14.62%	9.33%
Cash, Bank Placements & Other Assets	74.70%	77.16%
Total	100%	100%

Distribution for the Financial Year 2022

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Jun-22	8.99%	10.9492	10.0504

Unit Holding Pattern

Size of Unit Holding (Units)1-1000	# of Unit Holders
1-1000	4259
1001-5000	281
5001-10000	78
10001-50000	263
50001-100000	133
100001-500000	273
500001-1000000	62
1000001-5000000	82
5000001-10000000	5
10000001-100000000	10
Total	5446

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 Money Market Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by NBP ISLAMIC MONEY MARKET FUND amounting to Rs. 16.75 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 MONEY MARKET FUND by 0.37% 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 Money Market 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 01, 2021 to June 30, 2022 was the Fifth year of the operations of NBP Islamic Money Market Fund (NIMMF). 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 NIMMF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NIMMF 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 NIMMF 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.

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITOR'S REPORT

To the unit holders of NBP Islamic Money Market Fund

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

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

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year.

This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investment</p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in Islamic commercial paper, sukuks, term deposit receipts and bai muajjal which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> • Obtained an understanding of relevant controls placed by the Management Company applicable to the balance; • Independently verified existence of investments from Investment Portfolio Services (IPS); • Performed test of details on sale, purchase and maturity of investments on a sample basis by inspecting counterparty confirmation and bank statements; and • Tested valuation of investments by independently recalculating the rates from Pakistan revaluation rates (PKRV)

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

Management Company is responsible for the other information. The other information comprises the information (Directors' Report, Fund Manager Report & Trustee Report to the Unit Holders) included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management Company and Those Charged with Governance for the financial statements

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

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

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We communicate with Those Charged with Governance of Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance of Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

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

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

Yousuf Adil

Chartered Accountants

Place: Karachi

Date: September 28, 2022

UDIN: AR202210091SIYtsxvrV

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	2022 Rupees in '000	2021 Rupees in '000
ASSETS			
Bank balances	5	4,532,900	3,767,594
Investments	6	1,540,000	1,101,709
Preliminary and floatation costs	7	140	360
Deposit, prepayment and other receivable	8	295	284
Profit accrued	9	75,017	30,530
Receivable against transfer of units	10	23,735	7,835
Total assets		6,172,087	4,908,312
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	11	12,637	10,180
Payable to Central Depository Company of Pakistan Limited - Trustee	12	308	286
Payable to the Securities and Exchange Commission of Pakistan	13	1,080	955
Payable against redemption of units	14	45,355	37,621
Accrued expenses and other liabilities	15	25,769	36,628
Total liabilities		85,149	85,670
NET ASSETS		6,086,938	4,822,642
UNIT HOLDERS' FUND (as per statement attached)		6,086,938	4,822,642
Contingencies and commitments			
Number of units in issue			
	22	604,077,218	479,846,676
Net asset value per unit			
	23	10.0764	10.0504

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		Rupees in '000	
INCOME			
Return / profit on:			
- bank balances		371,790	186,308
- term deposit receipts		64,441	60,219
- sukuk		44,654	43,873
- commercial papers		25,704	30,507
- bai muajjal		14,055	17,533
Loss on sale of investments		(8)	-
Total income		520,636	338,440
EXPENSES			
Remuneration of NBP Asset Management Limited - Management Company	11.1	5,765	4,777
Sindh Sales Tax on remuneration of the Management Company	11.2	749	621
Reimbursement of operational expenses to the Management Company		6,752	5,579
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	12.1	3,085	3,105
Sindh Sales Tax on remuneration of the Trustee	12.2	401	404
Reimbursement of Selling and marketing expense - Management Company	11.4	27,009	26,972
Annual fee to the Securities and Exchange Commission of Pakistan		1,080	955
Settlement and bank charges		374	262
Auditors' remuneration	17	568	499
Shariah advisor fee		768	609
Preliminary and floatation cost		220	221
Fund rating fee		237	207
Legal and professional charges		734	391
Annual listing fee		28	28
Printing charges		62	33
Brokerage expense		17	-
Total expenses		47,849	44,663
Net income from operating activities		472,787	293,777
Reversal of / (Provision for) Sindh Workers' Welfare Fund	18	16,079	(5,876)
Net income for the year before taxation		488,866	287,901
Taxation	19	-	-
Net income for the year after taxation		488,866	287,901
Earnings per unit	20		
Allocation of net income for the year			
Net income for the year after taxation		488,866	287,901
Income already paid on units redeemed		(266,697)	(132,387)
		222,169	155,514
Accounting income available for distribution:			
- Relating to capital gain		-	-
- Excluding capital gain		222,169	155,514
		222,169	155,514

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



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

	2022	2021
	----- Rupees in '000 -----	
Net income for the year after taxation	488,866	287,901
Total comprehensive income for the year	488,866	287,901

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	Year Ended June 30, 2022			Year Ended June 30, 2021		
----- (Rupees in '000) -----						
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at beginning of the year	4,807,069	15,573	4,822,642	5,877,657	8,739	5,886,396
Issue 1,403,438,149 (2021: 943,088,304 units)						
- Capital value	14,105,115	-	14,105,115	9,464,363	-	9,464,363
- Element of income	589,275	-	589,275	197,739	-	197,739
Total proceeds on issuance of units	14,694,390	-	14,694,390	9,662,102	-	9,662,102
Redemption of 1,279,207,607 (2021: 1,049,801,598 units)						
- Capital value	(12,856,548)	-	(12,856,548)	(10,535,284)	-	(10,535,284)
- Element of loss	(375,625)	(266,697)	(642,322)	(98,753)	(132,387)	(231,140)
Total payments on redemption of units	(13,232,173)	(266,697)	(13,498,870)	(10,634,037)	(132,387)	(10,766,424)
Total comprehensive income for the year	-	488,866	488,866	-	287,901	287,901
Interim distribution at the rate of Re. 0.8988 / Unit declared on June 24, 2022 (2021: 0.6076 / Unit)	(211,794)	(208,296)	(420,090)	(98,653)	(148,680)	(247,333)
Net assets at end of the year	6,057,492	29,446	6,086,938	4,807,069	15,573	4,822,642
Undistributed income brought forward						
- Realised		15,573			8,739	
Accounting income available for distribution						
- Relating to capital gain		-			-	
- Excluding capital gain		222,169			155,514	
		222,169			155,514	
Interim distribution at the rate of Re. 0.8988 / Unit declared on June 24, 2022 (2021: 0.6076 / Unit)		(208,296)			(148,680)	
Undistributed income carried forward		29,446			15,573	
Undistributed income carried forward						
- Realised		29,446			15,573	
		29,446			15,573	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			10.0504			10.0355
Net assets value per unit at end of the year			10.0764			10.0504

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

Note	2022	2021
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	488,866	287,901
Adjustments		
Return / profit on bank balances	(371,790)	(186,308)
Return / profit on investments	(148,854)	(152,132)
Loss on sale of investments	8	-
Preliminary expenses and floatation costs	220	221
(Reversal of) / Provision for Sindh Workers' Welfare Fund	(16,079)	5,876
	<u>(47,629)</u>	<u>(44,442)</u>
Decrease / (increase) in assets		
Investments - net	1,701	417,393
Deposits, prepayment and other receivable	(11)	(21)
	1,690	417,372
Increase / (decrease) in liabilities		
Payable to the Management Company	2,457	(529)
Payable to the Trustee	22	(12)
Payable to the Securities and Exchange Commission of Pakistan	125	262
Accrued expenses and other liabilities	5,220	1,861
	<u>7,824</u>	<u>1,582</u>
	<u>(38,115)</u>	<u>374,512</u>
Return on bank balances received	357,704	186,172
Return on term deposit receipts received	54,409	61,398
Return on commercial papers received	25,704	30,507
Return on sukuks received	24,285	37,359
Return on bai muajjal received	14,055	19,506
	<u>438,042</u>	<u>709,454</u>
Net cash generated from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	14,466,696	9,619,596
Amounts paid on redemption of units	(13,491,136)	(10,838,384)
Dividend paid	(208,296)	(148,680)
	<u>767,264</u>	<u>(1,367,468)</u>
Net cash generated from / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents during the year	<u>1,205,306</u>	<u>(658,014)</u>
Cash and cash equivalents at the beginning of the year	4,217,594	4,875,608
Cash and cash equivalents at the end of the year	<u>5,422,900</u>	<u>4,217,594</u>
	5.3	

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 "NBP Islamic Money Market 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 January 04, 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules)."

During the year ended June 30, 2021 The Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Fund Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and classified as sharia compliant "money market" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The objective of the Fund is to provide competitive return with maximum possible capital preservation by investing in low risk and liquid Shariah Compliant authorized instruments.

The Pakistan Credit Rating Agency (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company and has maintained stability rating AA(f) to the Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan limited (CDC) as trustee of the Fund.

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.
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) .

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

2.2 Basis of measurement

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded off to the nearest thousands of Rupee, unless otherwise indicated.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan. It requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

- (a) classification and valuation of financial instrument (note 4.2 and 6)
- (b) impairment of financial instrument (note 4.2.1.3)
- (c) provisions (note 4.6)

3 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS:

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

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

Effective from accounting period beginning on or after:

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

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

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

Effective from accounting periods beginning on or after:

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

4.2 Financial assets and liabilities

4.2.1 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

4.2.2 Classification and measurement

4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVOCI”) and
- Fair value through profit or loss (“FVTPL”).

Financial asset at amortised cost

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

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

Financial asset at FVOCI

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

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

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

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

Business Model Assessment

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered.

4.2.2.2 Financial liabilities

The Fund classifies its financial liabilities in the following categories

- Measured at amortized cost (AC) ;or
- Measured at Fair value through profit or loss (FVTPL) ;or

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The adoption of IFRS 9 does not have any impact on the Fund's accounting policies related to financial liabilities.

4.2.3 Impairment of financial assets

The SECP has, through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017, deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of instruments (other than debt and government securities) at amortised cost:

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

4.2.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

4.2.6 Derecognition

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

4.2.7 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.3 Impairment of non financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

4.4 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. Sales load collected, if any, is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

An equalisation account called the element of income / (loss) included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

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

4.6 Provisions

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

4.7 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit / return sukuk certificates, bank balances, commercial papers and term deposits are recognized on a time proportion basis using the effective interest method.

4.8 Taxation

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

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

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.9 Distributions to the unit holders

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

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

4.10 Expenses

All expenses including remuneration of the Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognized in the Income Statement on an accrual basis.

4.11 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008.

4.12 Earnings per unit

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

	Note	2022 ----- Rupees in '000 -----	2021 -----
5 BANK BALANCES			
Current accounts	5.1	19,781	16,684
Savings accounts	5.2	4,513,119	3,750,910
		4,532,900	3,767,594

5.1 These include bank balances of Rs. 3.83 million (2021: Rs. 1.19 million) maintained with Bank Islami Pakistan (related party) and of Rs. 1.13 million (2021: 1.39 million) maintained with National Bank of Pakistan (related party).

5.2 These savings accounts carry profit at rates ranging from 6.5% to 15.44% per annum (2021: 6.25% to 7.16% per annum).

	Note	2022	2021
----- Rupees in '000 -----			
5.3 CASH AND CASH EQUIVALENT			
Current accounts		19,781	16,684
Saving accounts		4,513,119	3,750,910
Term deposit receipts	6.3	890,000	450,000
		5,422,900	4,217,594

6 INVESTMENTS

At fair value through profit or loss

Commercial papers	6.1	-	186,709
Sukuks	6.2	650,000	465,000
Term deposit receipts	6.3	890,000	450,000
Bai muajjal	6.4	-	-
		1,540,000	1,101,709

6.1 Commercial papers

Name of the investee company	Note.	Face value				Carrying value as at June 30, 2022	Carrying value as at June 30, 2021
		As at July 01, 2021	Placements during the year	Sales / matured during the year	As at June 30, 2022		
----- Rupees in '000' -----							
K-Electric		20,000	-	20,000	-	-	-
K-Electric		60,000	-	60,000	-	-	-
K-Electric		110,000	-	110,000	-	-	-
K-Electric		-	250,000	250,000	-	-	-
K-Electric		-	110,000	110,000	-	-	-
K-Electric		-	110,000	110,000	-	-	-
K-Electric		-	30,000	30,000	-	-	-
K-Electric		-	250,000	250,000	-	-	-
		190,000	750,000	940,000	-	-	-
Total Cost of Placements			726,813				
Market value as at June 30, 2022						-	

NBP ISLAMIC MONEY MARKET FUND



Name of the investee company	Note.	Carrying Value				Carrying Value as at June 30, 2022
		As at July 01, 2021	Purchases during the year	Sold / matured during the year	As at June 30, 2022	
----- Rupees in '000 -----						
Bank Alfalah Limited		-	378,000	378,000	-	-
Bank Alfalah Limited		-	500,000	500,000	-	-
Bank Alfalah Limited		-	378,000	378,000	-	-
Bank Alfalah Limited		-	500,000	500,000	-	-
Bank Alfalah Limited		-	375,000	375,000	-	-
Bank Alfalah Limited		-	500,000	500,000	-	-
Bank Alfalah Limited		-	382,000	382,000	-	-
Bank Alfalah Limited	6.3.1	-	890,000	-	890,000	890,000
Faysal Bank Limited		-	500,000	500,000	-	-
Meezan Bank		-	300,000	300,000	-	-
Meezan Bank		-	250,000	250,000	-	-
Meezan Bank		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		450,000	250,000	700,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	150,000	150,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	150,000	150,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	250,000	250,000	-	-
UBL Ameen Islamic Banking		-	150,000	150,000	-	-
UBL Ameen Islamic Banking		-	600,000	600,000	-	-
		450,000	10,053,000	9,613,000	890,000	890,000

Face value as at June 30, 2022

890,000

6.3.1 Significant terms and conditions of term deposits receipts outstanding as at June 30, 2022 are as follows:

Particulars	Profit / profit rates	Issue date	Maturity Date	Carrying value	Carrying value as a % of net assets	Carrying value as a % of total investment
----- Rupees in '000 ----- % -----						
Bank Alfalah Limited	14.65%	May 27, 2022	July 22, 2022	<u><u>890,000</u></u>	14.62%	57.79%

6.4 Bai Muajjal

Name of the investee company	Carrying Value				Carrying Value as at June 30, 2022
	As at July 01, 2021	Purchases during the year	Sold / matured during the year	As at June 30, 2022	
----- Rupees in '000 -----					
Pak-Oman Investment Co. Limited	-	290,457	290,457	-	-
Samba Bank Limited	-	290,726	290,726	-	-
Pak Brunei Investment Company Limited	-	77,179	77,179	-	-
Pak Brunei Investment Company Limited	-	77,208	77,208	-	-
Pak Brunei Investment Company Limited	-	77,247	77,247	-	-
Pak Brunei Investment Company Limited	-	77,306	77,306	-	-
	-	890,123	890,123	-	-

Face value as at June 30, 2022

-

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

7 PRELIMINARY AND FLOATATION COSTS

Preliminary expenses and floatation costs at beginning of the year	7.1	360	581
Less: amortisation during the year		(220)	(221)
Closing balance		<u>140</u>	<u>360</u>

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from March 01, 2018 as per the requirements set out in the Trust Deed of the Fund.

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

8 DEPOSIT, PREPAYMENT AND OTHER RECEIVABLE

Security deposit with Central Depository Company of Pakistan Limited	100	100
Mutual fund rating fee	125	114
Advance tax	<u>70</u>	<u>70</u>
	<u>295</u>	<u>284</u>

9 PROFIT ACCRUED

Profit accrued on:

- bank balances	35,631	21,545
- sukuks	26,883	6,514
- bai muajjal	-	-
- term deposit receipts	<u>12,503</u>	<u>2,471</u>
	<u>75,017</u>	<u>30,530</u>

10 RECEIVABLE AGAINST TRANSFER OF UNITS

This includes amounts receivable to the Fund from other collective investment schemes being managed by the Management Company of the Fund. These amounts are receivable in respect of units transferred by various unit holders based on their request for transfer of units from the other collective investment schemes to the Fund.

These includes amount of Rs 0.03 million, Rs 0.64 million, Rs 0.90 million, Rs 1.07 million and Rs 21.10 million receivable from NBP Islamic Daily Dividend Fund, NBP Islamic Energy Fund, NBP Islamic Active Allocation Equity Fund, NBP Islamic Stock Fund and NBP Islamic Income Fund based on intra fund transfer made on request of Unit holders of the respective fund.

	Note	2022	2021
		----- Rupees in '000 -----	
11 PAYABLE TO MANAGEMENT COMPANY			
Remuneration of the Management Company	11.1	649	389
Sindh Sales Tax on remuneration of the Management Company	11.2	84	51
Sales load		1,625	1,900
Sindh Sales Tax on sales load	11.2	212	247
Reimbursement of operational expenses to the Management Company	11.3	1,950	1,475
Reimbursement of Selling and marketing expense	11.4	7,799	5,899
ADC charges and Sindh Sales Tax on ADC charges		167	68
Other payable		151	151
		12,637	10,180

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

- 1% per annum on the daily income of the Fund subject to minimum 0.1% as average of NAV and maximum 1% of average NAV.

For the purpose of above calculation, daily net income is equals to gross income minus all expenses of the Fund excluding management remuneration and related sales tax thereon.

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

11.3 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 at the rate of 0.125% of the average annual net assets of the Fund.

11.4 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 rate of 0.5% of average annual net assets or actual expenses whichever is lower.

	Note	2022	2021
		----- Rupees in '000 -----	
12 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	12.1	273	253
Sindh Sales Tax on remuneration of the Trustee	12.2	35	33
		308	286

12.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per tariff specified therein, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

Trustee charged 0.065% per annum of net assets till 30 September, 2021 and effective from October 01, 2021, tariff structure has been revised to actual custodial expenses / charges plus 0.055% per annum of average net assets.

12.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (2021: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

13 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

13.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "Shariah compliant money market scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.02% of the average annual net assets of the Fund. The fee is paid annually in arrears.

14 PAYABLE AGAINST REDEMPTION OF UNITS

This includes an amount of Rs 1.002 million, Rs 0.51 million, Rs 0.55 million, and Rs 35.342 million on account of transfer of units to NBP Islamic Stock Fund, NBP Islamic Mahana Amdani Fund, NBP Islamic Energy Fund and NBP Islamic Income Fund based on intra fund transfer made on request of Unit holders of the fund.

	Note	2022	2021
		----- Rupees in '000 -----	
15 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		474	479
Provision for Sindh Workers' Welfare Fund	18	-	16,079
Withholding tax		13,458	15,903
Capital gain tax		10,855	3,204
Legal and professional charges		137	242
Bank charges		22	26
Printing charges		34	58
Settlement Charges		7	15
Shariah advisor fee		782	622
		25,769	36,628

16 CONTINGENCIES AND COMMITMENTS

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

	2022	2021
	----- Rupees in '000 -----	
17 AUDITORS' REMUNERATION		
Annual audit fee	369	345
Review Fee	145	135
Out of pocket expenses and sales tax	54	19
	568	499

18 PROVISION FOR SINDH WORKERS' WELFARE FUND

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

19 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has distributed such accounting income for the year ended June 30, 2022 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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

Reference to Note 31 of Annual Audited Accounts for the year ended June 30, 2021, in which a tax demand order was received from Additional Commissioner Inland Revenue (ACIR) of Rs 7,398,900. In response to the order the Fund had filed appeal with commissioner dated February 10, 2021 and a stay order was obtained on February 12, 2021 from Hon'ble High Court of Sindh (SHC). During the year ended June 30, 2022 a response was received from ACIR dated October 28, 2021 in which all the facts and figures were discussed based on which the decision was made and the tax demand was annulled.

20 EARNINGS PER UNIT

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

21 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net assets for the period) is 0.89% (June 30, 2021 : 1.06%) including 0.05% (June 30, 2021 : 0.17%) representing government levies on collective investment scheme such as Sindh Sales Tax on management & trustee remuneration and Securities and Exchange Commission of Pakistan fee for the period. However, as per SECP SRO 639 (I)/2019 date June 30, 2019, total expense ratio has been limited to 2% for Money Market Funds.

	2022	2021
	----- Number of Units -----	
22 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	479,846,676	586,559,970
Add: units issued during the year	1,403,438,149	943,088,304
Less: units redeemed during the year	(1,279,207,607)	(1,049,801,598)
Total units in issue at the end of the year	604,077,218	479,846,676

23 NET ASSET VALUE PER UNIT

The net asset value 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.

24 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

24.1 Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

24.2 The transactions with connected persons and related parties are carried at agreed terms.

24.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

24.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

24.5 Details of transactions with connected persons are as follows: ----- Rupees in '000 -----

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	5,765	4,777
Sindh Sales Tax on Management Company's remuneration	749	621
Reimbursement of Operational expenses	6,752	5,579
Reimbursement of Selling and marketing expense - Management Company	27,009	26,972
Sales load and transfer load including Sales tax	3,860	1,822
ADC Charges and Sindh Sales Tax on ADC charges	151	158

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	3,085	3,105
Sindh Sales Tax on Remuneration of the Trustee	401	404
CDC settlement charges	111	30



	2022	2021
	----- Rupees in '000 -----	
Employees of the Management Company		
Dividend re-invest units issued 45,288 units (2021: 48,820 units)	455	490
Units issued / transferred in: 23,777,402 units (2021: 42,603,120 units)	247,428	435,898
Units redeemed / transferred out: 24,999,824 units (2021: 45,265,032 units)	262,179	465,211
CDC Trustee NAFA Islamic Capital Preservation Plan-I (Common Management)		
Units issued / transferred in: 2,200,097 units (2021: 2,638,884 units)	22,180	26,488
Unit redeemed / transferred out: 6,416,380 units (2021: 9,843,413 units)	65,512	100,140
CDC Trustee Nafa Islamic Capital Preservation Plan-II (Common Management)		
Units Issued / Trasferred In: 1,128,557 units (2021: 7,313,900 units)	11,345	74,441
Units Redeemed / Transferred Out: 3,572,764 units (2021: 3,073,832 units)	36,568	32,350
CDC Trustee Nafa Islamic Capital Preservation Plan-III (Common Management)		
Units Issued / Trasferred In: 2,634,157 units (2021: 6,685,643 units)	26,783	67,629
Units Redeemed / Transferred Out: 6,248,753 units (2021: 1,756,800 units)	64,147	18,437
CDC Trustee Nafa Islamic Capital Preservation Plan-IV (Common Management)		
Units Issued / Trasferred In: 1,498,111 units (2021: 5,212,472 units)	15,313	52,711
Units Redeemed / Transferred Out: 4,634,715 units (2021: 1,296,567 units)	47,901	13,545
CDC-Trustee Nbp Islamic Capital Preservation Plan-V (Common Management)		
Units Issued / Trasferred In: 872,590 units (2021: 5,916,145 units)	8,844	59,834
Units Redeemed / Transferred Out: 4,772,126 units (2021: 1,466,359 units)	48,924	15,283
Hub Power Company *		
(Common Directorship with the Management Company)		
Sukuk Purchased	-	1,140,000
Sukuk income	-	33,356
Pakistan Stock Exchange *		
(Common Directorship with the Management Company)		
Annual listing fee paid	-	28
CDC Trustee NBP Islamic Mahana Amdani Fund (Common Management)		
Commercial Paper Sold	-	342,518
Sukuk Sold	-	519,788
CDC Trustee NBP Islamic Daily Dividend Fund (Common Management)		
Commercial Paper Sell	-	240,173

	2022	2021
	----- Rupees in '000 -----	
Employees of Management Company		
Investment held in the Fund: 2,643,168 Units (2021: 4,075,064 Units)	26,634	40,956
CDC Trustee NAFA Islamic Capital Preservation Plan-I (Common Management)		
Investment held in the Fund: 1,765,584 units (2021: 5,981,867 units)	17,791	60,120
CDC Trustee NAFA Islamic Capital Preservation Plan-II (Common Management)		
Investment held in the Fund: 1,795,861 units (2021: 4,240,068 units)	18,096	42,614
CDC Trustee NAFA Islamic Capital Preservation Plan-III (Common Management)		
Investment held in the Fund: 1,314,248 units (2021: 4,928,844 units)	13,243	49,537
CDC Trustee NAFA Islamic Capital Preservation Plan-IV (Common Management)		
Investment held in the Fund: 779,301 units (2021: 3,915,905 units)	7,853	39,356
CDC-Trustee NBP Islamic Capital Preservation Plan-V (Common Management)		
Investment held in the Fund: 550,250 units (2021: 4,449,786 units)	5,545	44,722
Portfolio Managed by Management Company		
Investment held in the Fund: 46,574,649 (2021: 24,923,849 units)	469,305	250,495
CDC Trustee NAFA Islamic Principal Preservation Fund (Common Management)		
Investment held in the Fund: Nil (2021: 1,223,868 units)	-	12,300
National Bank of Pakistan - Parent of the Management Company		
Bank balances	1,129	1398
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Bank balances	3,832	1192
Fauji Fertilizer Company Limited (Common Directorship with the Management Company)		
Investment held in the Fund: 928 units (2021: Nil)	9	-
Persons holding ten percent or more of units in issue / net assets of the Fund		
THE TRUSTEES KARACHI ELECTRIC PROVIDENT FUND**		
Investment held in the Fund: 90,782,220 (2021: nil units)	914,758	-
CP FUND LADY READING HOSPITAL MEDICAL TEACHING INSTITUTION**		
Investment held in the Fund: 62,973,029 (2021: nil units)	634,541	-

* Current year balances have not been disclosed of these related parties as these were not related parties as at 30 June 2022.

** Comparative balances have not been disclosed of these related parties as these were not related parties as at 30 June 2021.

25 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

25.1 Mr. Salman Ahmed is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

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

26 PATTERN OF UNIT HOLDING

Category	As at June 30, 2022		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
	Rupees in '000		
Individuals	5,307	2,286,117	60.45%
Insurance Companies	3	232,095	6.14%
NBFCs	6	70,823	1.87%
Retirement Funds	69	256,120	6.77%
Public Limited Companies	5	287	0.00%
Others	56	936,414	24.76%
	5,446	3,781,856	100%

Category	As at June 30, 2021		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
	(Rupees in '000)		
Individuals	3,082	2,044,378	42.39%
Insurance Companies	2	77,155	1.59%
NBFCs	6	248,650	5.15%
Retirement Funds	57	1,149,078	23.82%
Public Limited Companies	3	182	0.00%
Others	49	1,303,199	27.02%
	3,199	4,822,642	100%

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Names of the Directors	Number of meetings			Meeting not attended
	Held	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	
**Tauqeer Mazhar	4	4	-	
Mr. Syed Hasan Irtiza Kazmi	5	5	-	
Mr. Ali Saigol	5	5	-	85th BOD Meeting
Mr. Imran Zaffar	4	5	1	82nd BOD Meeting
Mr. Khalid Mansoor	4	5	1	
Mr. Humayun Bashir	5	5	-	
Dr. Amjad Waheed	5	5	-	
Ms. Mehnaz Salar	5	5	-	

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

28 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2022		
	At amortised cost	At fair value through profit or loss	Total
	-----Rupees in '000-----		
Financial assets			
Bank balances	4,532,900	-	4,532,900
Investment	-	1,540,000	1,540,000
Profit accrued	75,017	-	75,017
Security Deposit	100	-	100
Receivable against transfer of units	23,735	-	23,735
	4,631,752	1,540,000	6,171,752



As at June 30, 2022

At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
Payable to the Management Company	12,637	-
Payable to Central Depository Company of Pakistan Limited - Trustee	308	-
Payable against redemption of units	45,355	-
Accrued expenses and other liabilities	1,456	-
Net assets attributable to redeemable units	6,086,938	-
	6,146,694	6,146,694

Financial liabilities

At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
Payable to the Management Company	12,637	-
Payable to Central Depository Company of Pakistan Limited - Trustee	308	-
Payable against redemption of units	45,355	-
Accrued expenses and other liabilities	1,456	-
Net assets attributable to redeemable units	6,086,938	-
	6,146,694	6,146,694

As at June 30, 2021

At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
Bank balances	3,767,594	-
Investment	-	1,101,709
Profit accrued	30,530	-
Security Deposit	100	-
Receivable against transfer of units	7,835	-
	3,806,059	4,907,768

Financial assets

At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
Bank balances	3,767,594	-
Investment	-	1,101,709
Profit accrued	30,530	-
Security Deposit	100	-
Receivable against transfer of units	7,835	-
	3,806,059	4,907,768

As at June 30, 2021

At Amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
Payable to the Management Company	10,180	-
Payable to Central Depository Company of Pakistan Limited - Trustee	286	-
Payable against redemption of units	37,621	-
Accrued expenses and other liabilities	1,442	-
Net assets attributable to redeemable units	4,822,642	-
	4,872,171	4,872,171

Financial liabilities

At Amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
Payable to the Management Company	10,180	-
Payable to Central Depository Company of Pakistan Limited - Trustee	286	-
Payable against redemption of units	37,621	-
Accrued expenses and other liabilities	1,442	-
Net assets attributable to redeemable units	4,822,642	-
	4,872,171	4,872,171

29 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

29.1 Market risk

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

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan and Investment Committee.

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

29.1.1 Currency risk

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

29.1.2 Interest rate risk

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

(a) Sensitivity analysis for variable rate instruments

As at June 30, 2022, the Fund holds balance in saving accounts exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in bank profit rates as on June 30, 2022, the net assets of the Fund would have been higher / lower by approximately Rs. 45.13 million (2021: 37.51 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is 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.

(b) Sensitivity analysis for fixed rate instruments

The Fund holds Sukuks and Term deposit receipts that expose the Fund to fair value interest rate risk as at June 30, 2022. In case of 100 basis points increase/decrease in coupon rate on June 30, 2022, with all other variables held constant, the net assets of the Fund of the Fund as at and net income for the year would have been higher/lower by Rs. 15.4 million (2021: Rs. 11.02 million).

Interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

As at June 30, 2022

Yield / Profit rate	Total	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

%

Rupees in '000

On-balance sheet financial instruments

Financial assets

Balances with banks	6.25 to 7.16	4,532,900	4,513,119	-	-	19,781
Investment		1,540,000	1,540,000	-	-	-
Mark up accrued		75,017	-	-	-	75,017
Deposit		100	-	-	-	100
Receivable against transfer of units		23,735	-	-	-	23,735
		6,171,752	6,053,119	-	-	118,633

Financial liabilities

Payable to the Management Company		12,637	-	-	-	12,637
Payable to the Trustee		308	-	-	-	308
Accrued expenses and other liabilities		1,456	-	-	-	1,456
Payable against redemption of units		45,355	-	-	-	45,355
Net assets attributable to redeemable units		6,086,938	-	-	-	6,086,938
		6,146,694	-	-	-	6,146,694

On-balance sheet gap		25,058	6,053,119	-	-	(6,028,061)
----------------------	--	--------	-----------	---	---	-------------

Off-balance sheet financial instruments

Off-balance sheet gap

As at June 30, 2021

Yield / profit rate	Total	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

%

Rupees in '000

On-balance sheet financial instruments

Financial assets

Balances with banks	6.25 - 7.16	3,767,594	3,750,910	-	-	16,684
Investment		1,101,709	1,101,709	-	-	-
Mark up accrued		30,530	-	-	-	30,530
Deposit		100	-	-	-	100
Receivable against transfer of units		7,835	-	-	-	7,835
		4,907,768	4,852,619	-	-	55,149

As at June 30, 2021

Yield / profit rate	Total	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

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

Financial liabilities

Payable to the Management Company	10,180	-	-	-	10,180
Payable to the Trustee	286	-	-	-	286
Accrued expenses and other liabilities	1,442	-	-	-	1,442
Payable against redemption of units	37,621	-	-	-	37,621
Net assets attributable to redeemable units	4,822,642	-	-	-	4,822,642
	4,872,171	-	-	-	4,872,171
On-balance sheet gap	35,597	4,852,619	-	-	(4,817,022)
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-

29.1.3 Price risk

Price 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 (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 instruments traded in the market. Presently, the Fund is not exposed to equity price risk as the Fund does not hold any equity securities as at June 30, 2022 (2021: Nil).

29.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to bank balances, profit accrued receivable on investment, bank balances and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the investment Committee) require the Fund to invest in debt securities that have been rated by a well known rating agency. The risk of default is considered minimal due to inherent systematic measures taken therein. Therefore, the Fund does not expect to incur material credit losses on its financial assets.

The Fund's significant credit risk arises mainly on account of its placements with banks. The credit rating profile of balances with banks is as follow:

Bank balances by rating category	June 30, 2022	June 30, 2021
AAA	67.99%	99.93%
AA+	0.01%	0.002%
AA-	0.34%	0.00%
AA	11.03%	0.03%
A+	20.63%	0.03%
Suspended	0.00%	0.00%

The maximum exposure to credit risk before any credit enhancement is as follows:

	June 30, 2022		June 30, 2021	
	Amount of financial assets	Maximum Exposure	Amount of financial assets	Maximum Exposure
----- Rupees in '000 -----				
Balances with banks	4,532,900	4,532,900	3,767,594	3,767,594
Investment	1,540,000	1,540,000	1,101,709	1,101,709
Profit accrued	75,017	75,017	30,530	30,530
Deposits	100	100	100	100
Receivable against transfer of units	23,735	23,735	7,835	7,835
	6,171,752	6,171,752	4,907,768	4,907,768

Concentration of credit risk

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

29.3 Liquidity risk

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

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to fifteen % of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

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 significant redemptions during the year.

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

June 30, 2022

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

Rupees in '000

Financial liabilities

Payable to the Management Company	12,637	12,637	-	-
Payable to the Trustee	308	308	-	-
Accrued expenses and other liabilities	1,456	1,456	-	-
Payable against redemption of units	45,355	45,355	-	-
Net assets attributable to redeemable units	6,086,938	6,086,938	-	-
	6,146,694	6,146,694	-	-

June 30, 2021

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

Rupees in '000

Financial liabilities

Payable to the Management Company	10,180	10,180	-	-
Payable to the Trustee	286	286	-	-
Accrued expenses and other liabilities	1,442	1,442	-	-
Payable against redemption of units	37,621	37,621	-	-
Net assets attributable to redeemable units	4,822,642	4,822,642	-	-
	4,872,171	4,872,171	-	-

30 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.

Fair value hierarchy

- **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 (that is, as prices) or indirectly (that is, derived from prices)
- **Level 3** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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

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

NBP ISLAMIC MONEY MARKET FUND



		Carrying Value			Fair Value		
		Fair value through profit & loss	Amortized Cost	Total	Level 1	Level 2	Level 3
June 30, 2022	Note	----- Rupees in '000 -----					
Financial assets measured at fair value							
Commercial papers	6	-	-	-	-	-	-
Term deposit receipts	6	890,000	-	890,000	-	890,000	890,000
Sukuks	6	650,000	-	650,000	-	650,000	650,000
		1,540,000	-	1,540,000	-	1,540,000	1,540,000

Financial assets not measured at fair value

Bank balances	5	-	4,532,900	4,532,900	-	-	-	-
Profit accrued	9	-	75,017	75,017	-	-	-	-
Deposit and other receivable	8	-	100	100	-	-	-	-
Receivable against conversion of units		-	23,735	23,735	-	-	-	-
		-	4,631,752	4,631,752	-	-	-	-

Financial liabilities not measured at fair value

Payable to the Management Company	11	-	12,637	12,637	-	-	-	-
Remuneration payable to the trustee	12	-	308	308	-	-	-	-
Accrued expenses and other liabilities	15	-	1,456	1,456	-	-	-	-
Payable against redemption of units		-	45,355	45,355	-	-	-	-
Net assets attributable to redeemable units			6,086,938	6,086,938	-	-	-	-
		-	6,146,694	6,146,694	-	-	-	-

		Carrying Value			Fair Value		
		Fair value through profit & loss	Amortized Cost	Total	Level 1	Level 2	Level 3
June 30, 2021		----- Rupees in '000 -----					

Financial assets measured at fair value

Commercial papers	6	186,709	-	186,709	-	186,709	-	570,770
Term deposit receipts	6	450,000	-	450,000	-	450,000	-	1,133,000
Bai Muajjal	6	465,000	-	465,000	-	465,000	-	498,332
		1,101,709	-	1,101,709	-	1,101,709	-	2,202,102

	Carrying Value			Fair Value			
	Fair value through profit & loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----							
Financial assets not measured at fair value							
Bank balances	5	-	3,767,594	3,767,594	-	-	-
Profit accrued	9	-	30,530	30,530	-	-	-
Deposit and other receivable	8	-	214	214	-	-	-
Receivable against conversion of units		-	7,835	7,835			
		-	3,806,173	3,806,173	-	-	-
Financial liabilities not measured at fair value							
Payable to the Management Company	11	-	10,180	10,180	-	-	-
Remuneration payable to the trustee	12	-	286	286	-	-	-
Accrued expenses and other liabilities	14	-	1,442	1,442	-	-	-
Payable against redemption of units		-	37,621	37,621	-	-	-
Net assets attributable to redeemable units			4,822,642	4,822,642	-	-	-
		-	4,872,171	4,872,171	-	-	-

30.1 The Fund has not disclosed the fair values for these financial assets (other than investment) and for financial liabilities, as these are either short term in nature or are repriced periodically. Therefore, their carrying amounts are reasonable approximation of their fair values.

31 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies stated in note 29, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by disposal of investments where necessary.

32 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.

33 GENERAL

33.1 Figures have been rounded off to the nearest thousand rupees.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the Year Ended June 30, 2022	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018
Net assets at the year / period ended (Rs '000)	6,086,938	4,822,642	5,886,396	750,493	1,518,654
Net income for the year / period ended (Rs '000)	488,866	287,901	381,506	93,790	24,663
Net Asset Value per unit at the year / period ended (Rs)	10.0764	10.0504	10.0355	10.0226	10.1518
Offer Price per unit at year end	10.1903	10.1640	10.0922	10.0792	10.2092
Redemption Price per unit at year end	10.0764	10.0504	10.0355	10.0226	10.1518
Highest offer price per unit (Rs)	10.1903	10.5665	10.0922	10.0792	10.2092
Lowest offer price per unit (Rs)	9.3313	9.5177	8.9728	9.3269	10.0000
Highest redemption price per unit (Rs)	10.0764	10.0504	10.0355	10.0226	10.1518
Lowest redemption price per unit (Rs)	9.2270	9.4642	8.9728	9.2716	10.0000
Opening Nav of Fiscal Year	9.2254	9.4626	8.9695	10.0000	10.0000
Total return of the fund	9.22%	6.21%	11.85%	8.15%	1.52%
Capital growth	0.28%	0.16%	0.11%	0.45%	0.00%
Income distribution as a % of ex nav	8.94%	6.05%	11.74%	7.70%	1.52%
Income distribution as a % of par value	8.99%	6.08%	11.77%	7.70%	1.52%
Distribution					
Interim distribution per unit	0.8988	0.6076	1.1767	0.7702	-
Final distribution per unit	-	-	-	-	0.1518
Distribution Dates					
Interim			-	29-Jan-19	-
Interim			-	27-Feb-19	-
Interim			-	29-Mar-19	-
Interim			-	26-Apr-19	-
Interim			-	30-May-19	-
Interim	24-Jun-22	23-Jun-21	24-Jun-20	24-Jun-19	-
Final					4-Jul-18
Average annual return of the fund (launch date February 28, 2019)					
(Since inception to June 30, 2022)	8.51%				
(Since inception to June 30, 2021)		8.30%			
(Since inception to June 30, 2020)			9.20%		
(Since inception to June 30, 2019)				7.25%	
(Since inception to June 30, 2018)					4.50%
Portfolio Composition (Please see Fund Manager Report)					
Weighted average portfolio duration	15 Days	16 Days	24 Days	1 Days	1 Days

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

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds