



Managing Your Savings

Aitemaad اعتماد



Islamic Savings

الادخار الإسلامي

NBP Fund Management Limited



NBP ISLAMIC REGULAR INCOME FUND

ANNUAL REPORT
2022

AM1
Rated by PACRA

MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

MCB Bank Limited	United Bank Limited
Meezan Bank Limited	JS Bank Limited
Bank Al Habib Limited	Habib Metropolitan Bank Limited
Bank Islami Pakistan Limited	Allied Bank Limited
Dubai Islamic Bank Pakistan Limited	Al Baraka Bank of Pakistan
Silk 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



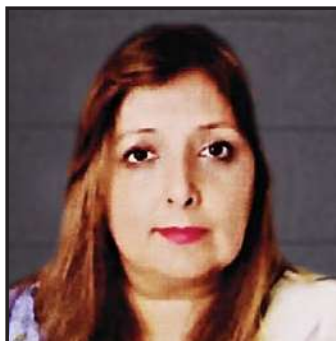
Mr. Tauqeer Mazhar
Director



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 Fourth Annual Report for the period ended June 30, 2022, since launch of **NBP Islamic Regular Income Fund** on October 31, 2018.

Fund's Performance

FY22 remained a disappointing year for the stock market, as the KMI-30 index fell by around 10.3% on a yearly basis. This comes after robust return in FY21 when index surged by a healthy 39.3% YoY. Throughout the year, the market remained quite volatile amid thin volumes, traded within a range and showing lack of investors' interest.

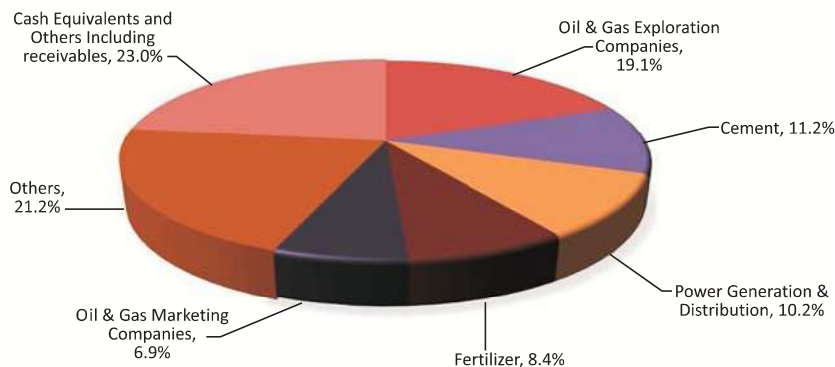
The subdued equity market performance was despite robust corporate profitability of listed companies, which for the first three quarters of FY22 stood at 25% and, even after the imposition of super tax, is expected to deliver double digit growth. Investors remained focused on external numbers, especially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

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

During the fiscal year, NBP Islamic Regular Income Fund decreased by 12.6% versus the benchmark decreased by 7.6%. Thus, the Fund underperformed the benchmark by 5.0% during the year. NIRIF underperformed during the year was because the Fund was overweight in key stocks in Cement, Engineering, Textile Composite, and Glass & Ceramics sectors that underperformed the market and was underweight in key stocks in Fertilizer, Oil & Gas Exploration Companies, Technology & Communication, and Commercial Banks Companies, sectors that outperformed the market. Since its launch (October 31, 2018), the Fund has decreased by 6.2%. The Benchmark during the same period was increased by 8.7%. This performance is net of management fee and all other expenses. The Fund size is 123 million as of June 30, 2022.

NBP Islamic Regular Income Fund has incurred a loss of Rs. 11.31 million during the year. After incurring total expenses of Rs. 6.06 million, the total loss is Rs. 17.37 million. During the year, the unit price of NBP Islamic Regular Income Fund has decreased from Rs. 9.7140 (Ex-Div) on June 30, 2021 to Rs. 8.4930 on June 30, 2022. The resultant per unit loss is Rs. 1.2210 (-12.6%).

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



Income Distribution

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

Taxation

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

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Regular Income Fund amounting to Rs. 0.62 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Islamic Regular Income Fund by 0.43% 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, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2023.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. Subsequent to the year end, size of the Fund fell below Rs. 100 million, which is minimum required fund size, which may cause implications on the Fund's ability to continue as 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 24 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 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 20 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	<ol style="list-style-type: none"> 1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Tauqeer Mazhar 3. Ms. Mehnaz Salar 4. Mr. Ali Saigol 5. Mr. Imran Zaffar

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

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

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بھد مسرت 31 اکتوبر 2018 کو قائم ہونے والے NBP اسلامک ریگولر انکم فنڈ (NIRIF) کی چوتھی سالانہ رپورٹ برائے مختتمہ سال 30 جون 2022 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

مالی سال 22 اسٹاک مارکیٹ کے لیے ایک مایوس کن سال رہا، کیونکہ KMI-30 انڈیکس سالانہ بنیادوں پر تقریباً 10.3 فیصد گر گیا۔ یہ کمی مالی سال 21 میں انڈیکس میں 39.3 فیصد سالانہ مستحکم اضافہ کے بعد ہوا۔ پورے سال کے دوران، مارکیٹ کم حجم کے کافی اتار چڑھاؤ کا شکار رہی، تجارت ایک حد کے اندر کی گئی اور سرمایہ کاروں کی دلچسپی میں کمی دکھائی دی۔

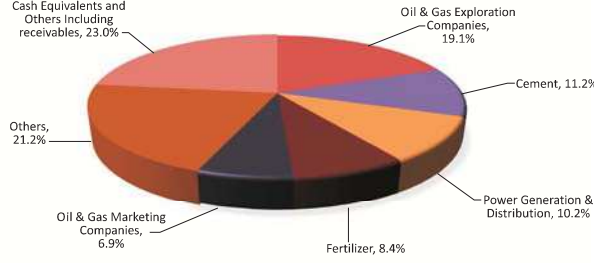
لسٹڈ کمپنیوں کے مستحکم کارپوریٹ منافع کے باوجود ایکویٹی مارکیٹ کی کارکردگی ناقص رہی، جو کہ مالی سال 22 کی پہلی تین سہ ماہیوں میں 25 فیصد رہی اور سپیکٹس کے نفاذ کے بعد نمود و ہندسوں میں رہنے کی توقع ہے۔ سرمایہ کاروں کی توجہ بیرونی اعداد پر مرکوز رہی، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) جو مالی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

شعبہ جات کارکردگی کے لحاظ سے، آٹو اسمبلر، کیمیکلز، کمرشل بینک، فریلائیڈرز، آئل اینڈ گیس ایکسپلوریشن، اور پاور جنریشن اور ڈسٹری بیوٹن سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری طرف، آٹو پارٹس اینڈ ایکسیسریز، کیبل اور ایکٹریبل سامان، سینٹ، انجینئرنگ، خوراک اینڈ ڈاکیمنٹیشن، انشورنس، آئل اینڈ گیس مارکیٹنگ، فارماسیوٹیکل، ریفاٹری اور ٹیکنالوجی کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی اور میوچل فنڈز ہالتر تیب 298 بلین امریکی ڈالر اور 128 بلین امریکی ڈالر کے اخراج کے ساتھ سب سے زیادہ خالص فروخت کنندگان رہے۔ اس کے برعکس، افراد اور بینک/DFIs نے اپنے خالص ہولڈنگز میں ہالتر تیب 157 بلین امریکی ڈالر اور 115 بلین امریکی ڈالر کا اضافہ کیا۔

مالی سال کے دوران، NBP اسلامک ریگولر انکم فنڈ 7.6 فیصد مارک کمی کے بخلاف 12.6 تک کم ہوا۔ لہذا سال کے دوران فنڈ نے بیچ مارک میں 5.0% کی ایتر کارکردگی دکھائی۔ NIRIF نے سال کے دوران ایتر کارکردگی کا مظاہرہ کیا کیونکہ فنڈ نے سینٹ، انجینئرنگ، ٹیکسٹائل کمپوزٹ، کیبل اور ایکٹریبل گڈز اور شیشے اور سیرامکس کے شعبوں میں اہم اسٹاک کو زیادہ اہمیت دی جنہوں نے مارکیٹ میں ایتر کارکردگی کا مظاہرہ کیا اور فریلائیڈرز، آئل اینڈ گیس ایکسپلوریشن کمپنیوں، ٹیکنالوجی اور کیمیکلیشن، کمرشل بینک، اور ریفاٹری کمپنیاں، وہ شعبے جنہوں نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا، ان کے اہم اسٹاک کو کم اہمیت دی گئی۔ اپنے آغاز (31 اکتوبر 2018) سے، فنڈ نے 6.2% کمی ظاہر کی۔ اسی مدت کے دوران بیچ مارک 8.7% زیادہ ہوا۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔ فنڈ کا ساؤز 30 جون 2022 کو 123 ملین روپے ہے۔

NBP اسلامک ریگولر انکم فنڈ کو سال کے دوران 11.31 ملین روپے کا مجموعی نقصان ہوا ہے۔ 6.06 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص نقصان 17.37 ملین روپے ہے۔ سال کے دوران NBP اسلامک ریگولر انکم فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 9.7140 روپے (EX-Div) سے کم ہو کر 30 جون 2022 کو 8.4930 روپے ہو گئی۔ جس کے نتیجے میں فی یونٹ نقصان 1.2210 روپے یعنی (-12.6%) ہے۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

INBP اسلامک ریگولر انکم فنڈ کی ایسٹ ایبلویشن 30 جون 2022 کو بمطابق ذیل ہے:



آمدنی کی تقسیم

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

ٹیکسیشن

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

سندھ ورکرز ویلفیئر فنڈ (SWWF)

13 اگست 2021 کو INBP اسلامک ریگولر انکم فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروڈنگ کے بعد مر اسلٹ نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ کلیر ٹیکسیشن پر میوچل فنڈز ایسوسی ایشن آف پاکستان کو دی گئی 0.62 ملین روپے کی رقم واپس کر دی گئی۔ پروڈنگ کی اس واپسی کے باعث 13 اگست 2021 کو NBP اسلامک ریگولر انکم فنڈ کے NAV میں 0.43% کا غیر معمولی اضافہ ہوا ہے۔ یہ ایک ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، مینسٹرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں، اور اہل ہونے کی بنا پر 30 جون 2023 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1. منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شمار یا تو تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیرین مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔



- 12 ڈائریکٹرز ہی ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کیٹگری
<ul style="list-style-type: none"> •1 جناب خالد منصور •2 جناب سعدا مان اللہ خان •3 جناب ہمایوں بشیر 	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
<ul style="list-style-type: none"> •1 شیخ محمد عبدالواحد سیٹھی (چیئر مین) •2 جناب توقیر مظہر •3 محترمہ مہناز سالار •4 جناب علی سیگل •5 جناب عمران ظفر 	نان ایگزیکٹو ڈائریکٹرز

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 27 ستمبر 2022ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Regular Income 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 (the Regulations) and the constitutive documents of the Fund.

We would like to draw Unit holder's attention towards the fact that subsequent to the year end, the minimum fund size has been reduced below the requirement of Rs.100 million as specified in Regulations. Further, the Management Company have no intention to continue the Fund and it will be revoked in due course of time.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2022

FUND MANAGER REPORT

NBP Islamic Regular Income Fund

NBP Islamic Regular Income Fund is an Open-ended Shariah Compliant Asset Allocation Fund.

Investment Objective of the Fund

The objective of NBP Islamic Regular Income Fund is to provide regular payments to investors by investing in Shariah Compliant Debt, Money Market & Equity investment avenues.

Benchmark

Daily weighted return of KMI-30 Index & 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP, based on Fund's actual allocation.

Fund performance review

This is the fourth annual report of the Fund. During the fiscal year, NBP Islamic Regular Income Fund decreased by 12.6% versus the benchmark decreased by 7.6%. Thus, the Fund underperformed the benchmark by 5.0% during the year. Since its launch (October 31, 2018), the Fund has decreased by 6.2%. The Benchmark during the same period was increased by 8.7%. Thus, to date underperformance is 14.9%. This underperformance is net of management fee and all other expenses. The Fund size is 123 mln as of June 30, 2022.

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

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

NIRIF Performance vs. Benchmark during FY22



FY22 remained a disappointing year for the stock market, as the KMI-30 index fell by around 10.3% on a yearly basis. This comes after robust return in FY21 when index surged by a healthy 39.3% YoY. Throughout the year, the market remained quite volatile amid thin volumes, traded within a range and showing lack of investors' interest.

The subdued equity market performance was despite robust corporate profitability of listed companies, which for the first three quarters of FY22 stood at 25% and, even after the imposition of super tax, is expected to deliver double digit

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

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

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-22	30-Jun-21
Equities / Stocks	77.0%	78.1%
Cash Equivalents	23.6%	22.2%
Other Net Liabilities	(0.6%)	(0.3%)
Total	100.00%	100.0%

Income Distribution

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

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	2
1-1000	9
1001-5000	7
5001-10000	3
10001-50000	0
50001-100000	1
100001-500000	3
500001-1000000	1
1000001-5000000	0
5000001-10000000	0
10000001-100000000	1
100000001-1000000000	0
Total	27

During the period under question:

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. During the year there were no circumstances that materially affected any interests of the unit holders. The Fund does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Regular Income Fund amounting to Rs. 0.62 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the NBP Islamic Regular Income Fund by 0.43% 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 Regular Income Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 2022. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: September 27, 2022
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 12, 2022/Safar 15, 1444

Alhamdulillah, the period from July 1, 2021 to June 30, 2022 was the Fourth year of operations of NBP Islamic Regular Income Fund (NIRIF). This report is being issued in accordance with clause 3.7.1 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.

We have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Debt to total assets, (iii) Investment in Shari'ah Non-Compliant activities (iv) Shari'ah Non-Income from Non-Compliant Investments, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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 in line with the Shari'ah 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 from the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of equity investments of NIRIF in light of Shari'ah requirements. Following is a list of top investments of NIRIF as on June 30, 2022 and their evaluation according to the screening criteria established by us. (December 31, 2022 accounts of the Investee companies have been used)

Company Name	(i) Nature of Business	(ii) Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
The Hub Power Co. Ltd	Power Generation & Distribution Companies	33.91%	3.85%	4.50%	58.76%	(42.73)	
Pakistan Oilfields Limited.	Oil & Gas Exploration Companies	0.00%	0.60%	3.42%	36.35%	25.04	357.62
Engro Corporation Limited	Fertilizer	34.95%	20.92%	3.32%	57.41%	(220.62)	
Oil & Gas Development Company Ltd *	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37	86.2
Pakistan Petroleum Limited. *	Oil & Gas Exploration Companies	0.00%	16.70%	2.53%	26.13%	96.98	79.04
Lucky Cement Limited	Cement	29.13%	2.90%	3.05%	86.58%	(597.57)	
Pakistan State Oil Co. Ltd.	Oil & Gas Marketing Companies	32.44%	0.00%	0.63%	39.97%	(133.30)	

* Shares are considered 'Compliant' based on the reasoning mentioned in clause 8 of Shariah Standard 59.

- i. On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NIRIF are Shari'ah Compliant and in accordance with the criteria established by us.
- ii. There are investments made by NIRIF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

In light of the above, we hereby certify that nothing has come to our attention which causes to believe that the overall operations of NIRIF for the year ended June 30, 2022 are not in compliance with the Shari'ah principles.

During the year, fund booked charity of amounting PKR 275,608/- wherein amount available for disbursement is PKR 252,002/-, which is inclusive of PKR 121,421/- provisional amount of previous year adjusted after availability of the respective financial statements.

May Allah bless us with best Tawfeeq to accomplish our 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 Waquar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the unit holders of NBP Islamic Regular Income Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NBP Islamic Regular Income 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.

Emphasis of matter

We draw attention to note 2.1 to the financial statements, which states that the Management Company does not consider the Fund as going concern and accordingly, has prepared the financial statements on a basis other than going concern. However, no adjustments are required as the assets and liabilities are stated at the values at which they are expected to be realized or settled. Our opinion is not modified in respect of this matter.

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 Equity Securities which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> Obtained an understanding of relevant controls placed by the Management Company applicable to the balance; Independently verified existence of investments from Central Depository Company (CDC) account Statement, Investment Portfolio Services (IPS), bank confirmations and other relevant documents; Performed test of details on sale, purchase and maturity of investments on a sample basis by inspecting deal tickets, counterparty confirmation, broker confirmation and bank statements; and

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Tested valuation of investments by independently tracing rate to externally quoted market prices and from Pakistan Stock Exchange (PSX)

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



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

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

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

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

Report on other legal and regulatory requirements

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

Other matter

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

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

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: September 28, 2022
UDIN: AR2022100910PUcBMJDs

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Assets			
Bank balances	5	28,944	32,716
Investments	6	94,384	115,396
Dividend and profit receivable	7	314	822
Receivable against sale of investments		265	708
Preliminary expenses and floatation costs	8	270	472
Advances and deposits	9	526	1,114
Total assets		124,703	151,228
Liabilities			
Payable to NBP Fund Management Limited - Management Company	10	1,172	1,192
Payable to Central Depository Company of Pakistan Limited - Trustee	11	26	32
Payable to Securities and Exchange Commission of Pakistan	12	26	26
Accrued expenses and other liabilities	13	929	2,311
Total liabilities		2,153	3,561
Net assets		122,550	147,667
Unit holders' fund (as per statement attached)		122,550	147,667
Contingency and commitment	14		
		(Number of units)	
Number of units in issue	17	14,429,634	15,201,440
		(Rupees)	
Net assets value per unit		8.4930	9.7140

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Income			
Net unrealised (diminution) / appreciation on re-measurement of Investments classified as 'financial assets at fair value through profit or loss'		(22,188)	15,340
Dividend income		8,353	6,458
Gain on sale of investments at fair value through profit or loss (FVTPL) - net		28	3,124
Profit on bank deposits		1,877	1,867
Total (loss) / income		(11,930)	26,789
Expenses			
Remuneration of the Management Company		1,803	-
Sales Tax on remuneration of the Management Company		234	-
Remuneration to Central Depository Company of Pakistan Limited - Trustee	11.1	261	264
Sindh Sales Tax on remuneration of Trustee	11.2	34	34
Reimbursement of Selling and marketing expenses	10.3	2,337	2,126
Annual fee - Securities and Exchange Commission of Pakistan	12	26	26
Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	10.2	256	178
Auditors' remuneration	18	336	380
Securities transaction cost		62	108
Settlement and bank charges		48	29
Charity expense		-	271
Listing fee		27	27
Professional charges		356	204
Amortisation of preliminary expenses and floatation costs	8	202	202
Shariah advisor fee		19	17
Printing and other charges		63	80
Total Expenses		6,064	3,946
Net (loss) / income from operating activities		(17,994)	22,843
Reversal of provision / (Provision) for Sindh Workers' Welfare Fund	13.1	625	(457)
Net (loss) / income for the year before taxation		(17,369)	22,386
Taxation	15	-	-
Net (loss) / income for the period after taxation		(17,369)	22,386
Allocation of net income for the year			
Net (loss) / income for the year		-	22,386
Income already paid on units redeemed		-	(283)
		-	22,103
Accounting income available for distribution:			
- Relating to capital gains		-	18,349
- Excluding capital gains		-	3,754
		-	22,103

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2022	2021
	----- (Rupees in '000) -----	
Net (loss) / income for the year	(17,369)	22,386
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(17,369)</u>	<u>22,386</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

Note	2022			2021		
	Value	Accumulated loss	Total	Value	Accumulated loss	Total
(Rupees in '000)						
Net assets at beginning of the year	148,637	(970)	147,667	126,613	(17,073)	109,540
Issue of 1,345,112 (2021 : 4,675,758) units						
- Capital value	13,066	-	13,066	39,454	-	39,454
- Element of (loss) / income	(956)	-	(956)	5,946	-	5,946
Total proceeds on issuance of units	12,110	-	12,110	45,400	-	45,400
Redemption of 2,116,918 (2021 : 2,456,197) units						
- Capital value	(20,564)	-	(20,564)	(20,725)	-	(20,725)
- Element of income / (loss)	706	-	706	(2,455)	(283)	(2,738)
Total payments on redemption of units	(19,858)	-	(19,858)	(23,180)	(283)	(23,463)
Interim distribution during the year (2022 : Nil), (2021: Re. 0.4602 per unit) paid on 23 June 2021						
- Cash distribution	-	-	-	-	(6,000)	(6,000)
- Refund of capital	-	-	-	(196)	-	(196)
	-	-	-	(196)	(6,000)	(6,196)
Total comprehensive (loss) / income for the year	-	(17,369)	(17,369)	-	22,386	22,386
Net assets at end of the year	140,889	(18,339)	122,550	148,637	(970)	147,667
Accumulated loss brought forward						
- Realised		(16,310)			(16,645)	
- Unrealised		15,340			(428)	
		(970)			(17,073)	
Accounting income available for distribution						
- Relating to capital gains		-			18,349	
- Excluding capital gains		-			3,754	
		-			22,103	
Total comprehensive (loss) / income for the year		(17,369)			-	
Interim distribution during the year (2022 : Nil), (2021: Re. 0.4602 per unit) paid on 23 June 2021						
- Cash distribution		-			(6,000)	
Accumulated loss carried forward		(18,339)			(970)	
Accumulated loss carried forward						
- Realised		3,849			(16,310)	
- Unrealised		(22,188)			15,340	
		(18,339)			(970)	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the period			9.7140			8.4379
Net assets value per unit at end of the year			8.4930			9.7140

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

Note	2022 ----- (Rupees in '000) -----	2021 -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year before taxation	(17,369)	22,386
Adjustments		
Net unrealised diminution / (appreciation) on re-measurement of Investments classified as 'financial assets at fair value through profit or loss'	22,188	(15,340)
Reversal of provision / (Provision) for Sindh Workers' Welfare Fund	(625)	457
Amortization of preliminary expense and floatation cost	202	202
	4,396	7,705
Decrease / (Increase) in assets		
Investments - net	(1,176)	(12,321)
Dividend and profit receivable	508	(664)
Receivable against sale of investments	443	-
Advances and deposits	588	(588)
	363	(13,573)
(Decrease) / Increase in liabilities		
Payable to NBP Fund Management Limited - Management Company	(20)	574
Payable to Central Depository Company of Pakistan Limited - Trustee	(6)	12
Payable to Securities and Exchange Commission of Pakistan	-	4
Accrued expenses and other liabilities	(757)	157
	(783)	747
Net cash generated from / (used in) operating activities	3,976	(5,121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issue of units	12,110	45,204
Payments against redemption of units	(19,858)	(23,463)
Distribution paid	-	(6,000)
Net cash (used in) / generated from financing activities	(7,748)	15,741
Net (decrease) / increase in cash and cash equivalents during the year	(3,772)	10,620
Cash and cash equivalents at beginning of the year	32,716	22,096
Cash and cash equivalents at end of the year	28,944	32,716

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The NBP Islamic Regular Income Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 07, 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as a "Shariah Compliant Asset Allocation Fund" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund, is to provide regular monthly payments to investors by investing in Shariah Compliant Debt, Money Market and Equity investment avenues.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned and maintained an asset manager rating of 'AM1' to the Management Company. The Fund has not yet been rated.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.7 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2 BASIS OF PREPARATION

- 2.1 Subsequent to the year end, on July 27, 2022, the size of the Fund fell to Rs. 6.46 million from Rs. 122.55 million as of June 30, 2022, which is below the minimum fund size requirement of Rs. 100 million as per sub-regulation 3(a) of Regulation 54 of the NBFC Regulations. Regulation 54, sub-regulation 3(b) of the NBFC Regulations, inter alia, requires that in case the Fund size falls below the minimum prescribed amount of Rs. 100 million, compliance shall be ensured with the minimum fund size requirement within three months of its breach. The said regulation also requires that in case the fund size remains below the minimum fund size limit for consecutive ninety days, the Management Company shall intimate the grounds to the SECP upon which it believes the Fund is still commercially viable and its objective can still be achieved.

The Management Company does not have the intension to rebuild the required minimum fund size. Therefore, these financial statements have been prepared on a basis other than going concern. However, no adjustments are required in the financial statements as the assets and liabilities of the fund are stated at values at which they are expected to be realized or settled.

2.2 Statement of Compliance

This condensed financial information has been prepared, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 ; and
- The requirements of the Trust Deed , the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (The "NBFC Regulation") and the directives issued by the SECP.

Wherever provisions of and directives issued under the Companies Act , 2017 ,the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or the directives issued by the SECP differ with the requirements of the IAS 34, the provisions of and directives issued under the Companies Act, 2017, requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.3 Basis of Measurement

These condensed financial statements have been prepared under the historical cost convention, except that certain financial assets are stated at fair value.

2.4 Functional and presentation currency

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

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 Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Effective from accounting period beginning on or after:

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

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

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

Effective from accounting period beginning on or after:

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022



Effective from accounting period beginning on or after:

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Financial Instruments

The Fund has applied IFRS 9 (refer note 2.1.2) in the preparation of these financial statements, except for impairment requirements as referred in note 2.1.3.

4.1.1 Recognition and initial measurement

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

Other financial assets and financial liabilities are recognised on the date on which they are originated.

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

4.1.2 Classification - Financial assets

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

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

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

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

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

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

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

Business model assessment

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

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

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

The Fund has determined that it has two business models.

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

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

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

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

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

Reclassifications

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

4.1.3 Subsequent measurement - Financial assets

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Equity investments

Equity investments are marked-to-market on the basis of rates at year end date as quoted on Pakistan Stock Exchange (PSX), as all equity investments are made in listed securities only.

4.1.4 Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

4.1.5 Fair value measurement

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



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

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

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

4.1.6 Amortised cost measurement

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

4.1.7 Impairment of financial assets

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

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

4.1.8 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in income statement.

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

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

4.1.9 Offsetting of financial assets and financial liabilities

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

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

4.1.10 Derivatives

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



4.1.11 Cash and cash equivalents

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

4.2 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs (formation cost) represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, commission to the bankers to the issue, brokerage paid to the members of the stock exchanges and other expenses. These costs are being amortised over a period of five years starting from the end of the initial offering period as per the requirements set out in the Trust Deed of the Fund and NBFC regulations.

4.3 Provisions

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

4.4 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.

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.

4.5 Issue and redemption of units

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

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

4.6 Element of income

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

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

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the period under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the period. The income

already paid (Element of Income) on redemption of units during the period are taken separately in statement of movement in unit holders' fund.

4.7 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.

4.8 Net assets value per unit

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

4.9 Income recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Income on deposits with banks and mark-up / return on investments in debt and government securities is recognised using effective yield method.
- Dividend income on equity securities held for spread transactions is recognised when the right to receive the dividend is established. For quoted equity securities, this is usually the ex-dividend date.

4.10 Distribution

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

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

	Note	2022 ----- (Rupees in '000) -----	2021 -----
5 BANK BALANCES			
In current accounts		2,426	2,014
In savings accounts	5.1	26,518	30,702
		28,944	32,716
5.1	These carry a rate of return ranging from 6.5% to 15.25% per annum (2021: 6.0% to 7.0% per annum).		
6 INVESTMENTS	Note	2022 ----- (Rupees in '000) -----	2021 -----
Financial assets at fair value through profit or loss			
Listed equity securities	6.1	94,384	115,396

6.1 Investment in listed equity securities

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

Name of the Investee Company	As at 01 July 2021	Purchases during the year	Bonus Shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2022	Market value / carrying value as at 30 June 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company
	(Number of shares)						(Rupees in '000)	(%)		
Oil and Gas Exploration Company										
Pakistan Oilfields Limited	27,800	1,200	-	-	4,200	24,800	10,064	8.21	10.66	0.01
Pakistan Petroleum Limited	79,420	25,000	-	-	7,600	96,820	6,536	5.33	6.93	0.00
Oil & Gas Development Company Limited	79,800	8,000	-	-	1,700	86,100	6,773	5.53	7.18	0.00
							23,373	19.07	24.77	
Oil and Gas Marketing Company										
Pakistan State Oil Company Limited	29,320	-	-	-	-	29,320	5,038	4.11	5.34	0.01
Attock Petroleum Limited	10,700	-	-	-	-	10,700	3,438	2.81	3.64	0.01
Sui Northern Gas Pipelines Limited	8,900	-	-	-	8,900	-	-	-	-	-
							8,476	6.92	8.98	
Fertilizer										
Engro Corporation Limited	38,860	-	-	-	-	38,860	9,991	8.15	10.58	0.01
Fauji Fertilizer Bin Qasim Limited	-	15,000	-	-	-	15,000	304	0.25	0.32	0.00
Engro Fertilizers Limited	13,500	-	-	-	13,500	-	-	-	-	-
							10,295	8.40	10.90	
Chemical										
Sitara Chemical Industries Limited	2,000	-	-	-	2,000	-	-	-	-	-
Engro Polymer and Chemicals Limited	60,500	-	-	-	20,800	39,700	3,161	2.58	3.35	0.00
							3,161	2.58	3.35	
Cement										
Kohat Cement Company Limited	23,800	12,400	-	-	-	36,200	4,711	3.84	4.99	0.02
D.G. Khan Cement Company Limited	7,300	-	-	-	7,300	-	-	-	-	-
Fauji Cement Company Limited	185,000	35,500	-	-	22,000	198,500	2,813	2.30	2.98	0.01
Maple Leaf Cement Factory Limited	18,500	10,100	-	-	10,100	18,500	506	0.41	0.54	0.00
Cherat Cement Company Limited	-	1,000	-	-	1,000	-	-	-	-	-
Lucky Cement Limited	12,900	400	-	-	2,050	11,250	5,164	4.21	5.47	0.00
Attock Cement Pakistan Limited	8,000	-	-	-	-	8,000	532	0.43	0.56	0.01
							13,726	11.19	14.54	
Automobile Parts & Accessories										
Agriauto Industries Limited	4,000	-	-	-	-	4,000	536	0.44	0.57	0.03
AL-Ghazi Tractors Limited	-	6,000	-	-	-	6,000	2,341	1.91	2.48	0.02
							2,877	2.35	3.05	
Automobile Assembler										
Millat Tractors Limited	5,175	-	3,327	-	2,820	5,682	4,958	4.05	5.25	0.01
Honda Atlas Cars (Pakistan) Limited	1,400	2,000	-	-	1,100	2,300	448	0.37	0.47	0.00
Indus Motor Company Limited	-	-	-	-	-	-	-	-	-	-
							5,406	4.42	5.72	
Transport										
Pakistan National Shipping Corporation Limited	4,500	-	-	-	4,500	-	-	-	-	-
							-	-	-	-
Textile Composite										
Nishat Mills Limited	35,000	-	-	-	7,500	27,500	2,033	1.66	2.15	0.01
Interloop Limited	24,500	-	735	-	1,200	24,035	1,466	1.20	1.55	0.00
Kohinoor Textile Mills Limited	45,500	-	-	-	-	45,500	2,275	1.86	2.41	0.02
							5,774	4.72	6.11	
Food and Personal Care										
At-Tahur Limited	60,000	35,000	10,320	-	38,000	67,320	1,284	1.05	1.36	0.03
Bunnys Limited	-	3,500	-	-	-	3,500	75	0.06	0.08	0.01
							1,359	1.11	1.44	
Power Generation and Distribution										
The Hub Power Company Limited	183,470	-	-	-	-	183,470	12,507	10.21	13.25	0.01
Saif Power Limited	29,500	-	-	-	29,500	-	-	-	-	-
							12,507	10.21	13.25	

NBP ISLAMIC REGULAR INCOME FUND



Name of the Investee Company	As at 01 July 2021	Purchases during the year	Bonus Shares issued during the year	Right shares purchased/ subscribed during the year	Sales during the year	As at 30 June 2022	Market value / carrying value as at 30 June 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of the paid up capital of the investee company
	(Number of shares)						(Rupees in '000)	(%)		
Engineering										
Mughal Iron & Steel Industries Limited	580	35,000	3,087	-	1,300	37,367	2,154	1.76	2.28	0.01
International Steel Limited	-	8,500	-	-	8,500	-	-	-	-	-
Aisha Steel Mills Limited	-	31,000	-	-	-	31,000	343	0.28	0.36	0.00
							2,497	2.04	2.64	
Pharmaceuticals										
AGP Limited	6,500	300	-	-	3,800	3,000	263	0.21	0.28	0.00
The Searle Company Limited	2,600	600	870	-	400	3,670	400	0.33	0.42	0.00
Abbott Laboratories (Pakistan) Limited	900	-	-	-	250	650	426	0.35	0.45	0.00
							1,089	0.89	1.15	
Glass & Ceramics										
Shabbir Tiles and Ceramics Limited	98,000	-	-	-	-	98,000	1,434	1.17	1.52	0.08
							1,434	1.17	1.52	
Sugar & Allied Industries										
Faran Sugar Mills Limited	7,000	-	-	-	-	7,000	328	0.27	0.35	0.03
Habib Sugar Mills Limited	11,500	-	-	-	11,500	-	-	-	-	-
							328	0.27	0.35	
Commercial Banks										
Meezan Bank Limited	14,050	-	2,108	-	1,600	14,558	1,645	1.34	1.74	0.00
							1,645	1.34	1.74	
Miscellaneous										
MACPAC Films Limited	-	28,000	-	-	-	28,000	438	0.36	0.46	0.05
Tri-Pack Films Limited	-	7,000	-	-	7,000	-	-	-	-	-
Pakistan Aluminium Beverage Cans Limited	-	17,040	-	-	17,040	-	-	-	-	-
							438	0.36	0.46	
Total - 30 June 2022	1,140,475	282,540	20,447	-	237,160	1,206,302	94,384	77.02	100	
Carrying value before fair value adjustment as at 30 June 2022							116,572			
Net unrealised (diminution) on re-measurement of 'Investments classified as 'financial assets at fair value through profit or loss'							(22,188)			

7 DIVIDEND AND PROFIT RECEIVABLE

Note	2022	2021
	(Rupees in '000)	
Dividend receivable on Equity Securities	16	670
Profit receivable on Savings Deposits	298	152
	314	822

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

Opening balance		472	674
Less: Amortisation for the year		(202)	(202)
Closing balance	8.1	270	472

8.1 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 as per the requirements set out in the Trust Deed.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
9 ADVANCES AND DEPOSIT			
Advance tax	9.1	426	426
Security deposit		100	100
Advance against IPO subscription		-	588
		<u>526</u>	<u>1,114</u>

- 9.1** As per clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. No. 1(43) DG (WHT)/2008- VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on bank deposits as at 30 June 2022 amounts to Rs. 0.426 million (2021: Rs. 0.426 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable High Court of Sindh (HCS) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by HCS in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court (HSC) through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the HSC by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the HSC granted the petitioners leave to appeal from the initial judgement of HCS. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as Advance tax as at 30 June 2022 as in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
10 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management Remuneration	10.1	149	-
Sindh Sales Tax on remuneration of the Management Company		19	-
Sales and transfer load including Sindh Sales Tax		210	366
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	10.2	61	51
Reimbursement of selling and marketing expenses	10.3	553	595
Other payable		180	180
		<u>1,172</u>	<u>1,192</u>

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

- From 01 July 2021 to 30 June 2022, at the rate of 1.5% of the average annual net assets of the Fund.

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

- 10.2** 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.

- 10.3** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at the following rates of the average annual net assets of the Fund during the year:

Period	Rate per annum
11 May 2020 to 25 January 2021	1.50% of net assets or actual expenses whichever is lower.
26 January 2021 to 23 August 2021	1.75% of net assets or actual expenses whichever is lower.
24 August 2021 to 30 June 2022	1.80% of net assets or actual expenses whichever is lower.

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

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

- From 1 July 2020 to 26 October 2020, at the rate of 0.10% of the average annual net assets of the Fund.
- From 27 October 2020 to 30 June 2022, at the rate of 0.15% of the average annual net assets of the Fund.

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022	2021
			----- (Rupees in '000) -----	
	Trustee Remuneration	11.1	20	23
	Sindh Sales Tax on Trustee remuneration	11.2	3	3
	Settlement Charges CDC		3	6
			<u>26</u>	<u>32</u>

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

Net assets	Tariff per annum
Upto Rs. 1,000 million	0.20% per annum of net assets,
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

The remuneration is paid to the Trustee monthly in arrears.

- 11.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% was charged on trustee remuneration.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Provision for Sindh Worker's Welfare Fund	13.1	-	625
Auditors' remuneration		264	299
Bank charges		34	17
Charity payable	13.2	422	319
Shariah Advisor Fee		19	17
Withholding tax		8	889
Legal fees		140	107
Printing charges		42	38
		<u>929</u>	<u>2,311</u>

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

13.2 This represents the charity payable against haram portion of the dividend income determined on the rates specified by Shariah advisor.

14 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 30 June 2022 (30 June 2021: Nil) except for as disclosed elsewhere in these financial statements.

15 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year ended 30 June 2022, the Fund has incurred net loss therefore no distribution has been made. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2022.

16 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 4.65% (2021: 3.13%) per annum. Total expense ratio (excluding government levies) is 4.43% (2021: 2.74%) per annum.

	Note	2022	2021
		Number of units	
17 NUMBER OF UNITS IN ISSUE			
Total units in issue at beginning of the year		15,201,440	12,981,879
Add: Units issued against			
- Sale		1,345,112	4,655,962
- Refund of capital at zero value		-	19,796
		1,345,112	4,675,758
Less: Units redeemed		(2,116,918)	(2,456,197)
Total units in issue at end of the year		14,429,634	15,201,440

		2022	2021
		(Rupees in '000)	
18 AUDITORS' REMUNERATION			
Statutory audit fee		187	187
Half yearly review fee		75	75
Out of pocket expenses and others including government levy		74	118
		336	380

	As at 30 June 2022		
	At amortized cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	28,944	-	28,944
Investments	-	94,384	94,384
Dividend and profit receivable	314	-	314
Receivable against sale of investments	265	-	265
Deposits	100	-	100
	29,623	94,384	124,007

	As at 30 June 2022		
	At fair value through profit or loss	Other financial liabilities	Total
	(Rupees in '000)		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	1,172	1,172
Payable to Central Depository Company of Pakistan Limited - Trustee	-	26	26
Accrued expenses and other liabilities	-	499	499
Net assets attributable to unit holders	-	122,550	122,550
	-	124,247	124,247

	As at 30 June 2021		
	At amortized cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	32,716	-	32,716
Investments	-	115,396	115,396
Dividend and profit receivable	822	-	822
Receivable against sale of shares	708	-	708
Deposits	688	-	688
	<u>34,934</u>	<u>115,396</u>	<u>150,330</u>

	As at 30 June 2021		
	At fair value through profit or loss	Other financial liabilities	Total
	(Rupees in '000)		
Liabilities			
Payable to NBP Fund Management Limited - Management Company	-	1,192	1,192
Payable to Central Depository Company of Pakistan Limited - Trustee	-	32	32
Accrued expenses and other liabilities	-	797	797
Net assets attributable to unit holders	-	147,667	147,667
	<u>-</u>	<u>149,688</u>	<u>149,688</u>

20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 20.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company, entities having common directorship with the Management Company, retirement funds of group companies, directors and officers of the Management Company and any person or company which beneficially owns directly or indirectly 10% or more of the units in issue / net assets of the Fund.
- 20.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 20.3** Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

20.5 Transactions during the year:

	2022	2021
	----- (Rupees in '000) -----	
NBP Fund Management Limited - Management Company		
Dividend Re-invest: Nil units (2021: 505,865 Units)	-	5,001
Management Remuneration	1,803	-
Sindh Sales Tax on remuneration of the Management Company	234	
Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	256	178
Reimbursement of Selling and marketing expenses	2,337	2,126
Sales load	-	300
Sindh Sales Tax on sales load	-	39
Employees of the Management Company		
Units issued: 229,892 units (2021: 232,526 units)	2,149	2,227
Units redeemed: 230,045 units (2021: 248,821 units)	2,086	2,411
Dividend Re-invest: Nil units (2021: 2 units)	-	-
Bank Islami Pakistan Limited		
Markup on bank balances	1,574	646
Central Depository Company of Pakistan Limited - Trustee		
Trustee Remuneration	261	264
Sales tax on remuneration to Trustee	34	34
CDC charges	6	7
Pakistan Stock Exchange*		
Listing fee paid	-	27
Taurus Securities Limited		
Brokerage charges	10	-
The Hub Power Company Limited*		
Shares purchased: Nil shares (2021: 33,500 shares)	-	2,758
Shares sold: Nil shares (2021: 12,000 shares)	-	972
International Steel Limited		
Shares purchased: 8,500 shares (2021: Nil shares)	784	-
Shares sold: 8500 shares (2021: Nil shares)	548	-
Dividend	60	-

	2022	2021
	----- (Rupees in '000) -----	
20.6 Amounts outstanding as at year end:		
NBP Fund Management Limited - Management Company		
Units held: 13,290,385 units (2021: 13,290,385 units)	112,875	129,103
Management Remuneration	149	-
Sindh Sales Tax on remuneration of the Management Company	19	-
Sales and transfer load including Sindh Sales Tax	210	366
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	61	51
Reimbursement of Selling and marketing expenses	553	595
Other payable	180	180
National Bank of Pakistan Limited - Islamic Banking		
Bank Balance	-	-
Mark-up on bank balance	-	2
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	20	23
Sindh Sales Tax on Trustee remuneration	3	3
CDC charges	3	6
Security deposit	100	100
Bank Islami Pakistan Limited		
Bank balance	20,155	1,541
Markup on bank balance	236	202
Employees of the Management Company		
Units held: 2 units (2021: 155 units)	-	2
The Hub Power Company Limited*		
Shares held: Nil (2021: 183,472 shares)	-	16,417

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

21 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

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

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

22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID/ PAYABLE

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

S. No	Particulars	Percentage (%)
1	BIPL Securities Limited	10.11
2	Insight Securities (Private) Limited	9.95
3	Topline Securities Limited	8.10
4	Taurus Securities Limited	8.08
5	BMA Capital Management Limited	7.27
6	Optimus Capital Management Limited	6.65
7	Ismail Iqbal Securities (Private) Limited	5.53
8	EFG Hermes Pakistan Limited	5.49
9	Alfalah Securities (Private) Limited	5.27
10	Intermarket Securities	4.67

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

S. No	Particulars	Percentage (%)
1	Foundation Securities	10.48
2	Taurus Securities Limited	10.37
3	BMA Capital Management Limited	9.17
4	Ismail Iqbal Securities (Private) Limited	8.82
5	Insight Securities (Private) Limited	7.95
6	BIPL Securities Limited	6.49
7	Alfalah Securities (Private) Limited	5.88
8	Intermarket Securities	5.51
9	Topline Securities Limited	5.12
10	EFG Hermes Pakistan Limited	4.98

23 PATTERN OF UNIT HOLDING

Category	As at 30 June 2022		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	25	5,195	4%
Associated Companies and Directors	1	112,875	92%
Retirement Funds	1	4,481	4%
	27	122,550	100.00

Category	As at 30 June 2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	21	13,439	9.10
Associated companies and directors	1	129,103	87.43
Retirement funds	1	5,125	3.47
	23	147,667	100

24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

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

24.1 * Syed Hasan Irtiza Kazmi resigned from the Board with effect from June 25, 2021

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

25 FINANCIAL RISK MANAGEMENT

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

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

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

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

25.1 Market risk

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

25.1.1 Currency risk

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

25.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the market profit rates. The Fund's profit rate is monitored on a quarterly basis by the board of directors.

At the date of statement of financial position, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022	2021
	----- (Rupees in '000) -----	
Variable rate instruments		
Bank balances	<u>26,518</u>	<u>30,702</u>



a) Sensitivity analysis for variable rate instruments

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase /decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 0.27 million (2021: 0.307 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

As at 30 June 2022					
Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
%	----- (Rupees in '000) -----				
On-balance sheet financial instruments					
Financial Assets					
	7.0% to 15.25%				
Bank balances	26,518	-	-	2,426	28,944
Investments	-	-	-	94,384	94,384
Dividend and profit receivable	-	-	-	314	314
Receivable against sale of investments	-	-	-	265	265
Deposits	-	-	-	100	100
	26,518	-	-	97,489	124,007
Financial Liabilities					
Payable to NBP Fund Management Limited - Management Company	-	-	-	1,172	1,172
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	26	26
Accrued expenses and other liabilities	-	-	-	499	499
Net assets attributable to unit holders	-	-	-	122,550	122,550
	-	-	-	124,247	124,247
On-balance sheet gap	26,518	-	-	(26,758)	(240)
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	26,518	-	-		
Cumulative interest rate sensitivity gap	26,518	26,518	26,518		

As at 30 June 2021

Yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
%	----- (Rupees in '000) -----				
On-balance sheet financial instruments					
Financial Assets					
Bank balances	30,702	-	-	2,014	32,716
Investments	-	-	-	115,396	115,396
Dividend and profit receivable	-	-	-	822	822
Receivable against sale of shares	-	-	-	708	708
Advances and deposit	-	-	-	688	688
	30,702	-	-	119,628	150,330
Financial Liabilities					
Payable to NBP Fund Management Limited - Management Company	-	-	-	1,192	1,192
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	32	32
Accrued expenses and other liabilities	-	-	-	797	797
Net assets attributable to unit holders	-	-	-	147,667	147,667
	-	-	-	149,688	149,688
On-balance sheet gap	30,702	-	-	(30,060)	642
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	30,702	-	-		
Cumulative interest rate sensitivity gap	30,702	30,702	30,702		

25.1.3 Price risk

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

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

The Fund manages the risk by limiting exposure to any single investee company to the extent of 15% of issued capital of that investee company and the net assets of the Fund with overall limit of 40% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations). The Fund also manages its exposure to price risk by diversifying its portfolio within the eligible stocks prescribed in the fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 5% increase / decrease in KMI 30 index on 30 June 2022, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 4.7 million (2021: 5.77 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.



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

25.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its bank balances. Risks attributable to bank balances are maintained with banks with a reasonably high credit rating.

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

Balances with banks	2022	2021
	(Rupees in '000)	
AAA	3,519	2,835
AA+	21,242	1
AA-	-	40
AA	4,001	27,549
A+	142	2,271
A-	34	15
A	6	5
	<u>28,944</u>	<u>32,716</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2022 is the carrying amount of the financial assets but investment in equity instrument is not exposed to credit risk.

Concentration of the credit risk

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

25.3 Liquidity risk

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

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

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

30 June 2022					
Total	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
Financial liabilities					
Payable to NBP Fund					
Management Limited - Management Company	1,172	1,172	-	-	
Payable to Central Depository					
Company of Pakistan Limited - Trustee	26	26	-	-	
Accrued expenses and other liabilities	499	499	-	-	
Net assets attributable to unit holders	122,550	122,550	-	-	
	124,247	124,247	-	-	

30 June 2021					
Total	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
Financial liabilities					
Payable to NBP Fund					
Management Limited - Management Company	1,192	1,192	-	-	
Payable to Central Depository					
Company of Pakistan Limited - Trustee	32	32	-	-	
Accrued expenses and other liabilities	797	797	-	-	
Net assets attributable to unit holders	147,667	147,667	-	-	
	149,688	149,688	-	-	

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		30 June 2022				30 June 2021			
		Carrying amount			Total	Fair value			Total
Note	At fair value through profit or loss	Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Listed equity securities	94,384	-	-	94,384	94,384	-	-	94,384
Financial assets not measured at fair value									
26.1	Bank balances	-	28,944	-	28,944				
	Dividend and profit receivable	-	314	-	314				
	Receivable against sale of investments	-	265	-	265				
	Deposits	-	100	-	100				
		-	29,623	-	29,623				
Financial liabilities not measured at fair value									
26.1	Payable to NBP Fund Management Limited - Management Company	-	-	1,172	1,172				
	Payable to Central Depository Company of Pakistan	-	-	26	26				
	Accrued expenses and other liabilities	-	-	499	499				
	Net assets attributable to unit holders	-	-	122,550	122,550				
		-	-	124,247	124,247				
On-balance sheet financial instruments									
Financial assets measured at fair value									
	Investments - Listed equity securities	115,396	-	-	115,396	115,396	-	-	115,396
Financial assets not measured at fair value									
26.1	Bank balances	-	32,716	-	32,716				
	Dividend and profit receivable	-	822	-	822				
	Receivable against sale of investments	-	708	-	708				
	Deposits	-	688	-	688				
		-	34,934	-	34,934				
Financial liabilities not measured at fair value									
26.1	Payable to NBP Fund Management Limited - Management Company	-	-	1,192	1,192				
	Payable to Central Depository Company of Pakistan	-	-	32	32				
	Accrued expenses and other liabilities	-	-	797	797				
	Net assets attributable to unit holders	-	-	147,667	147,667				
		-	-	149,688	149,688				

- 26.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 26.2** Financial instruments not measured at FVTPL include net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

27 UNIT HOLDERS' FUND RISK MANAGEMENT

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund. The Fund has no restrictions on the subscription and redemption of units.

As at 30 June 2021, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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

In accordance with the risk management policies stated in note 26, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

28 DATE OF AUTHORISATION FOR ISSUE

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

**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
Net assets (Rs. '000')	122,550	147,667	109,540	106,523
Net (Loss) / Income (Rs. '000')	(17,369)	22,386	8,240	(19,572)
Net Asset Value per units (Rs.)	8.4930	9.7140	8.4379	8.2777
Selling price per unit	8.7809	10.0433	8.7239	8.5583
Redemption price per unit	8.4930	9.714	8.4379	8.2777
Ex - Highest offer price per unit (Rs.)	10.2859	10.3818	10.0832	10.3213
Ex - Lowest offer price per unit (Rs.)	8.5966	8.4921	7.0588	8.4067
Ex - Highest redemption price per unit (Rs.)	9.9486	10.0414	9.7526	10.0000
Ex - Lowest redemption price per unit (Rs.)	8.3147	8.2137	6.8274	8.1311
Fiscal Year Opening Ex Nav	9.7140	8.0631	7.8432	10.0000
Total return of the fund	-12.57%	20.47%	7.58%	-17.20%
Capital growth	-12.57%	15.83%	2.04%	-17.20%
Income distribution as % of Ex-NAV	0.00%	4.65%	5.54%	0.00%
Income distribution as % of Par Value	0.00%	4.60%	4.64%	0.00%
Distribution				
Interim Distribution per unit		0.4602	0.4644	-
Final distribution per unit		0	-	-
Distribution dates				
Interim		23/Jun/2021	24/Jun/2020	-
Final			-	-
Average annual return (launch date October 31, 2018)				
(Since inception to June 30, 2022)	-1.73%			
(Since inception to June 30, 2021)		2.67%		
(Since inception to June 30, 2020)			-6.72%	
(Since inception to June 30, 2019)				-17.20%
Portfolio Composition (see Fund Manager report)				

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

PROXY ISSUED BY THE FUND

The proxy voting policy of **NBP Islamic Regular Income Fund** duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. www.nbpfunds.com. A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

NBP ISLAMIC REGULAR INCOME FUND			
Resolutions	For	Against	Abstain*
9	9	Nil	N/A
100%	100%	-	-

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