

**NBP FUNDS**

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

البنك الإسلامي

**NBP Fund Management Limited**



# **NBP ISLAMIC SARMAYA IZAF FUND**

**ANNUAL REPORT  
2022**

**AM1**  
Rated by PACRA

# MISSION STATEMENT

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



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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

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

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource Committee

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

### Strategy & Business Planning Committee

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

### Trustee

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

### Bankers to the Fund

Habib Bank Limited (Islamic)  
United Bank Limited (Ameen)  
Bank Al Habib Limited (Islamic)  
Meezan Bank Limited  
Bank Islami (Pakistan) Limited  
Sindh Bank Limited (Saadat)  
MCB Bank Limited (Islamic)  
Dubai Islamic Bank Limited  
Bank Alfalah Limited (Islamic)  
Soneri Bank Limited (Mustaqeem)  
Habib Metro Bank Limited (Islamic)  
Allied Bank Limited (Islamic)  
Silk Bank Limited (Emaan)  
National Bank of Pakistan  
JS Bank Limited  
Al Baraka Bank Pakistan Limited

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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



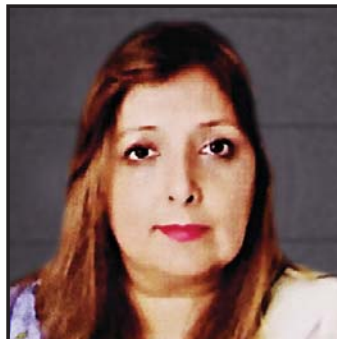
**Mr. Tauqeer Mazhar**  
Director



**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 fifteenth Annual Report of **NBP Islamic Sarmaya Izafa Fund** for the year ended June 30, 2022.

### 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.

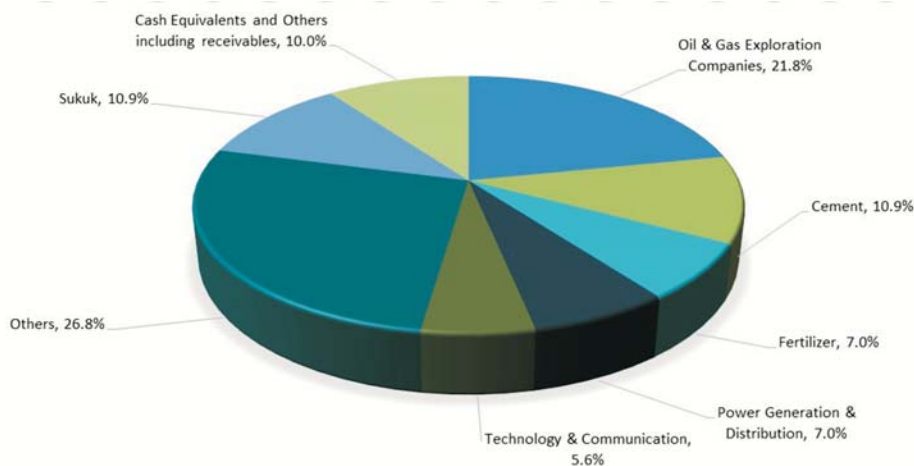
Trading activity in corporate sukuks further reduced as cumulative traded value stood at Rs. 4 billion compared to Rs. 16 billion in FY21. However, the fresh issuance of Shariah Compliant commercial papers helped the undersupplied market for long-term Shariah Compliant debt instruments to some extent. During FY22, State Bank of Pakistan (SBP) held five (5) monetary Policy Meetings and increased the discount rate from 8% to 14.75% - to counter inflationary pressures, ensure economic sustainability and safeguard external & price stability; owing to significant domestic political noise and global uncertainty. During the second half, global economic conditions deteriorated due to Russia-Ukraine conflict and burgeoning commodity prices, which pushed all the central banks across the world to confront multi-year high inflation and challenging outlook. Domestically, the inflation trajectory also remained on an uptrend due to i) sharp spike in prices of food component, ii) continued pressure on the Rupee, iii) increase in utility tariffs, and iv) reversal of fuel subsidies. Inflation as measured by CPI clocked in at 21.3% in June-22 as against 9.7% during corresponding month last year. Gross foreign exchange reserves with SBP also shrunk to USD 9.8 billion at June-22 end compared to USD 17.3 billion a year ago. The outlook for inflation has deteriorated and risks to external stability have risen, with further rate hikes likely in the initial half of the upcoming year.

During the fiscal year, NBP Islamic Asset Allocation Fund decreased by 8.9% versus 7.4% decrease in the benchmark. Thus, the Fund underperformed the benchmark by 1.5% during the year. NISIF underperformed during the year was because the Fund was overweight in key stocks in Cement, Engineering, Textile Composite, and Glass & Ceramics, Automobile Parts & Accessories sectors that underperformed the market and was underweight in key stocks in Fertilizer, Oil & Gas Exploration Companies, Automobile Assembler, and Technology & Communication Companies, sectors that outperformed the market. Since its launch (October 26, 2007), the Fund has risen by 331.2%, versus the benchmark return of 201.8%, thus to date outperformance is 129.4%. This outperformance is net of management fee and all other expenses. The Fund size is 3,102 mln as of June 30, 2022.

NBP Islamic Asset Allocation Fund has incurred total loss of Rs. 133.23 million during the year. After incurring total expenses of Rs. 180.91 million, the net loss is Rs. 314.14 million. During the year, the unit price of NAFA Islamic Sarmaya Izafa Fund has increased from Rs. 16.7187 (Ex-Div) on June 30, 2021 to Rs. 15.2302 on June 30, 2022. The resultant per unit loss is Rs. 1.4885 (-8.90%).



The asset allocation of NBP Islamic Sarmaya Izafa 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 Sarmaya Izafa Fund amounting to Rs. 91.54 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 Sarmaya Izafa Fund by 1.69% 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 Grant Thornton Anjum Rahman Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2023.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.

9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 28 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 27 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 24 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2022, the Board included:

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

## Acknowledgement

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

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

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

**Chief Executive**

**Director**

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

## ڈائریکٹرز رپورٹ

NBP فنڈ منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز NBP اسلامی سرمایہ اضافہ فنڈ (NISIF) کی پندرہویں سالانہ رپورٹ برائے ختمہ سال 30 جون 2022 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

مالی سال 2022 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 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 سپر ٹیکس کے نفاذ کے بعد نمودار ہندسوں میں رہنے کی توقع ہے۔ سرمایہ کاروں کی توجہ بیرونی اعداد پر مرکوز رہی، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (GAD) 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 زر اور زیادہ قیمتوں کے اثرات سے بھی متاثر 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 بحالی ہونے میں غیر معمولی تاخیر مارکیٹ میں پریشانی کی دوسری اہم وجہ رہی۔ سال کے دوران MSCI ایئر لائن مارکیٹ سے MSCI فریٹیر مارکیٹ میں پاکستان کی تنزلی 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۔

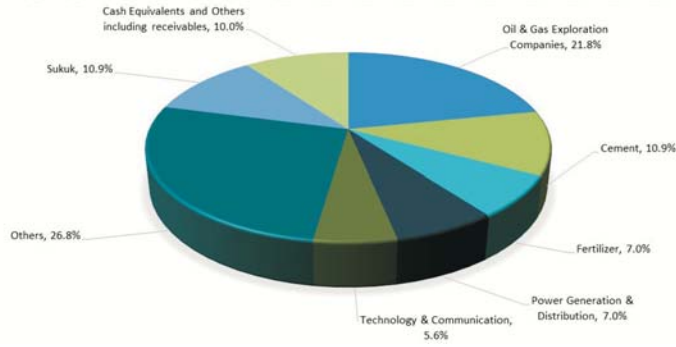
شعبہ جات کارکردگی کے لحاظ سے، آٹو امبلرز، میکینیکل، کمرشل بینک، فریٹلائزر، آئل اینڈ گیس ایکسپلوریشن، اور پاور جنریشن اور ڈسٹری بیوشن سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری طرف، آٹو پارٹس اینڈ ایکسیسریز، کیمیکل اور ایکسٹریکٹبل سامان، سینٹ، انجینئرنگ، خوراک اینڈ ذاتی نگہداشت، انشورنس، آئل اینڈ گیس مارکیٹنگ، فارماسیوٹیکل، ریفرنسری اور ٹیکنالوجی کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی اور میچل فنڈز بالترتیب 298 ملین امریکی ڈالر اور 128 ملین امریکی ڈالر کے اخراج کے ساتھ سب سے زیادہ فروخت کنندگان رہے۔ اس کے برعکس، افراط اور بینک/DFIs نے اپنے خاص ہولڈنگز میں بالترتیب 157 ملین امریکی ڈالر اور 115 ملین امریکی ڈالر کا اضافہ کیا۔

کارپوریٹ سکوک میں تجارتی سرگرمی مزید کم ہوئی کیونکہ مجموعی تجارتی مالی سال 21 میں 16 بلین روپے کے مقابلے 4 بلین روپے رہی۔ تاہم، شریعہ کمپلائنس کمرشل پیپرز کے نئے اجراء سے طویل مدتی شریعہ کمپلائنس قرضی آلات سے زبردستی مارکیٹ کو کچھ حد تک مدد ملی۔ مالی سال 22 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے آٹھ (8) ماہی پالیسی اجلاس منعقد کئے اور اہم ملکی سیاسی شورا اور عالمی غیر یقینی صورتحال کی وجہ سے افراط زر کے دباؤ کا مقابلہ کرنے، معاشی استحکام کو یقینی بنانے اور بیرونی رقمیوں کے استحکام کی حفاظت کے لیے، ڈسکاؤنٹ کی شرح کو 8% سے بڑھا کر 14.75% کر دیا۔ دوسری ششماہی کے دوران، روس-یوکرین تنازعہ اور ایشیا کی بڑھتی ہوئی قیمتوں کی وجہ سے عالمی اقتصادی حالات خراب ہو گئے، جس نے دنیا بھر کے تمام مرکزی بینکوں کو کئی سالوں کی بلند افراط زر اور چیلنجنگ آؤٹ لک کا سامنا کرنے پر مجبور کر دیا۔ ملکی سطح پر، افراط زر میں بھی بڑھنے کا رجحان رہا جس کی وجہ سے (i) غذائی اجزاء کی قیمتوں میں تیزی سے اضافہ، (ii) روپیہ پر مسلسل دباؤ، (iii) یوٹیلیٹی ٹیرف میں اضافہ، اور (iv) ایندھن کی سبسڈی کا ختم ہونا۔ CPI کی پیمائش کردہ افراط زر جون-22 میں 21.3 فیصد تک پہنچ گئی جو گزشتہ سال کے اسی مہینے کے دوران 9.7 فیصد تھی۔ اسٹیٹ بینک پاکستان کے پاس غیر ملکی زرمبادلہ کے مجموعی ذخائر بھی ایک سال قبل 17.3 بلین امریکی ڈالر کے مقابلے جون-22 کے آخر میں 9.8 بلین امریکی ڈالر تک کم ہو گئے۔ افراط زر کا نقطہ نظر خراب ہو گیا اور بیرونی استحکام کے لیے خطرات بڑھ گئے ہیں، آئندہ سال کی پہلی ششماہی میں شرح مزید بڑھنے کا امکان ہے۔

مالی سال کے دوران، NBP اسلامی سرمایہ اضافہ فنڈ 7.4% پیچ مارک کی کے بخلاف 8.9% تک کم ہوا۔ لہذا سال کے دوران فنڈ نے پیچ مارک میں 1.5% کی ایتر کارکردگی دکھائی۔ NISIF نے سال کے دوران ایتر کارکردگی کا مظاہرہ کیا کیونکہ فنڈ نے سینٹ، انجینئرنگ، ٹیکسٹائل کمپوزٹ، کیمیکل اور ایکسٹریکٹبل گڈز اور شیشے اور سیرامکس کے شعبوں میں اہم اسٹاک کو زیادہ اہمیت دی جنہوں نے مارکیٹ میں ایتر کارکردگی کا مظاہرہ کیا اور فریٹلائزر، آئل اینڈ گیس ایکسپلوریشن کمپنیوں، ٹیکنالوجی اور کیمیکلیشن، کمرشل بینک، اور ریفرنسری کمپنیوں، وہ شعبے ہیں جنہوں نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا، ان کے اہم اسٹاک کو اہمیت دی گئی۔ اپنے آغاز (26 اکتوبر 2007) سے، فنڈ نے 201.8 فیصد پیچ مارک ریٹرن کے مقابلے 331.2 فیصد اضافہ حاصل کیا، چنانچہ آج تک بہتر کارکردگی 129.4 فیصد ہے۔ یہ بہتر کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔ فنڈ کا ساؤز 30 جون 2022 کو 3,102 ملین ہے۔

این بی پی اسلامک سرمایہ اضافہ فنڈ کو سال کے دوران 133.23 ملین روپے کا مجموعی نقصان ہوا۔ 180.91 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص نقصان 314.14 ملین روپے ہے۔ سال کے دوران NBP اسلامک سرمایہ اضافہ فنڈ کے یونٹ کی قیمت 30 جون 2021 کو روپے 16.7187 (EX-Div) سے بڑھ کر 30 جون 2022 کو روپے 15.2302 ہو گئی، جس کے نتیجے میں یونٹ نقصان 1.4885 روپے یعنی (-8.90%) ہے۔ یہ کارکردگی بیٹجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

30 جون 2022 کو این بی پی اسلامک سرمایہ اضافہ فنڈ کی ایسٹ ایلوکیشن درج 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 NBP اسلامک سرمایہ اضافہ فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروویڈنٹنگ کے بعد مرسلہ نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ کلیئر ٹیکسیشن پر مبنی فنڈز ایسوسی ایشن آف پاکستان کو دی گئی 91.54 ملین روپے کی رقم واپس کر دی گئی۔ پروویڈنٹ کی اس واپسی کے باعث 13 اگست 2021 کو NBP اسلامک سرمایہ اضافہ فنڈ کے NAV میں 1.69% کا غیر معمولی اضافہ ہوا ہے۔ یہ ایک ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

## آڈیٹرز

موجودہ آڈیٹرز، میسرز یوسف گرانٹ تھورنٹن انچارجڈ اکاؤنٹنٹس، ریٹائرڈ اکاؤنٹنٹس، چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2023 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1. بیٹجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی مصفاہ 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 پاتی 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، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10- اس مدت کے دوران بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں ظاہر کی گئی ہے۔
- 11- یونٹ ہولڈنگ کا تفصیلی پیرن مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کیا گیا ہے۔
- 12- ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 24 میں ظاہر کی گئی ہے۔
- 13- کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریٹ نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کینگری
1- جناب خالد منصور	غیر جانبدار ڈائریکٹرز
2- جناب سعید امان اللہ خان	
3- جناب ہمایوں بشیر	
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1- شیخ محمد عبدالواحد سیٹھی (چیئرمین)	نان ایگزیکٹو ڈائریکٹرز
2- جناب توقیر مظہر	
3- محترمہ مہناز سالار	
4- جناب علی سیگل	
5- جناب عمران ظفر	

## اظہار تشکر

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

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

مخائب بورڈ آف ڈائریکٹرز  
NBP فنڈ بینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 27 ستمبر 2022ء

مقام: کراچی



## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Sarmaya Izafa Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2022

## FUND MANAGER REPORT

### NBP Islamic Sarmaya Izafa Fund

NBP Islamic Sarmaya Izafa Fund (NISIF) is an Open-ended Shariah Compliant Asset Allocation Fund

#### Investment Objective of the Fund

Objective of NISIF is to generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

#### 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, effective from September 01, 2016. Previously average of (i) average 3-months Islamic banks deposit rate (ii) 6-months KIBOR or its Shariah Complaint Equivalent (iii) KMI 30 Index.

The fund category was changed to Islamic Asset Allocation from Islamic Balanced with effect from April 22, 2014. Consequently, allowed equity range is now 0% to 90% which previously was 30% to 70%. Previous benchmark was 50% KSE-30 Index & 50% 3-month Islamic Bank Deposit.

#### Fund performance review

This is the fifteenth annual report of the Fund. During the fiscal year, NBP Islamic Sarmaya Izafa Fund decreased by 8.9% versus the benchmark decreased by 7.4%. Thus, the Fund underperformed the benchmark by 1.5% during the year. Since its launch (October 26, 2007), the Fund has risen by 331.2%, versus the benchmark return of 201.8%, thus to date outperformance is 129.4%. This outperformance is net of management fee and all other expenses. During the year, the fund size of NISIF decreased by 45% to Rs 3,102 mln.

NISIF underperformed during the year was because the Fund was overweight in key stocks in Cement, Engineering, Textile Composite, and Glass & Ceramics, Automobile Parts & Accessories sectors that underperformed the market and was underweight in key stocks in Fertilizer, Oil & Gas Exploration Companies, Automobile Assembler, and Technology & Communication Companies, sectors that outperformed the market. The chart below shows the performance of NISIF against the Benchmark for the year.

**NISIF Performance vs. Benchmark during FY22**



NISIF was around 80.8% invested in equities at the beginning of the year. During the year, we adjusted the allocation of the Fund based on our view on different asset classes. Towards the end of the year, NISIF was around 79.2% invested in equities.

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 17.4 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 12.1% 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.

Trading activity in corporate sukks further reduced as cumulative traded value stood at Rs. 4 billion compared to Rs. 16 billion in FY21. However, the fresh issuance of Shariah Compliant commercial papers helped the undersupplied market for long-term Shariah Compliant debt instruments to some extent. During FY22, State Bank of Pakistan (SBP) held five (5) Monetary Policy Meetings and increased the discount rate from 8% to 14.75% - to counter inflationary pressures, ensure economic sustainability and safeguard external & price stability; owing to significant domestic political noise and global uncertainty. During the second half, global economic conditions deteriorated due to Russia-Ukraine conflict and burgeoning commodity prices, which pushed all the central banks across the world to confront multi-year high inflation and challenging outlook. Domestically, the inflation trajectory also remained on an uptrend due to i) sharp spike in prices of food component, ii) continued pressure on Rupee, iii) increase in utility tariffs, and iv) reversal of fuel subsidies. Inflation as measured by CPI clocked in at 21.3% in June-22 as against 9.7% during corresponding month last year. Gross foreign exchange reserves with SBP also shrunk to USD 9.8 billion at June-22 end compared to USD 17.3 billion a year ago. The outlook for inflation has deteriorated and risks to external stability have risen, with further rate hikes likely in the initial half of the upcoming year.

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Sarmaya Izafa Fund amounting to Rs. 89.94 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 Sarmaya Izafa Fund by 1.69% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

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.

## Income Distribution

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

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

Particulars	30-Jun-22	30-Jun-21
Equities / Stocks	79.2%	80.76%
Cash Equivalents	11.2%	12.01%
TFC/Sukuk	11.0%	10.69%
Other Net Assets / (Liabilities)	(1.4%)	-3.46%
<b>Total</b>	<b>100.0%</b>	<b>100.00%</b>

## Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investment before Provision	Provision held	Value of Investment after Provision	% Net Assets	% Gross Assets
Eden Housing (Sukuk II)	SUKUK	4,921,875	4,921,875	-	-	-
<b>Total</b>		<b>4,921,875</b>	<b>4,921,875</b>	-	-	-

## Unit Holding Pattern of NBP Islamic Sarmaya Izafa Fund as on June 30, 2022

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	91
1-1000	2,151
1001-5000	762
5001-10000	666
10001-50000	1,359
50001-100000	489
100001-500000	330
500001-1000000	39
1000001-5000000	17
5000001-10000000	1
<b>Total</b>	<b>5,905</b>

### During the period under question:

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Pakistan Growth Exchange Trade 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 Sarmaya Izafa Fund amounting to Rs. 91.54 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 Sarmaya Izafa Fund by 1.69% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

**NBP Islamic Sarmaya Izafa 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 SHARIAH SUPERVISORY BOARD

September 12, 2022/Safar 15, 1444

**Alhamdulillah**, the period from July 1, 2021 to June 30, 2022 was the Forteenth year of operations of NBP Islamic Sarmaya Izafa Fund (NISIF). This report is being issued in accordance with clause 3.6.8 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 NISIF in light of Shari'ah requirements. Following is a list of top investments of NISIF as on June 30, 2022 and their evaluation according to the screening criteria established by us. (December 31, 2021 accounts of the Investee companies have been used)

Company Name	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	Share Price (B)
						Net Liquid Assets per Share (A)	
Mari Petroleum Company Limited	Oil & Gas Exploration Companies	0.45%	14.42%	2.86%	49.63%	312.41	1654.23
Engro Corporation Limited	Fertilizer	34.95%	20.92%	3.32%	57.41%	(220.62)	
Oil & Gas Development Company Limited *	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37	86.2
Hub Power Company Limited	Power Generation & Distribution Companies	33.91%	3.85%	4.50%	58.76%	(42.73)	
Systems Limited	Technology	6.82%	4.26%	0.77%	43.71%	30.29	759.84
Pakistan Petroleum Limited *	Oil & Gas Exploration Companies	0.00%	16.70%	2.53%	26.13%	96.98	79.04

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

- ii. On the basis of information provided by the management and the provisions of the Scheme, investments in equities made on account of NISIF are Shari'ah Compliant and in accordance with the criteria established by us.

- iii. There are investments made by NISIF 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 NISIF 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 7,160,071/- wherein amount available for disbursement is PKR 6,685,965/-, which is inclusive of PKR 3,002,635/- 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.

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

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

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

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

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Islamic Sarmaya Izafa Fund

### Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit
<p><b>Investments</b> (refer note 5 to the financial statements)</p> <p>Investments constitute the most significant component of the net asset value (NAV). Investments of the Fund as at June 30, 2022 amounted to Rs. 2,794.958 million (2021: Rs. 5,131.729 million).</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>obtained understanding of relevant controls placed by the Management Company applicable to the account balance;</li> <li>verified existence of investments from Central Depository Company (CDC) account statement, bank statements and other relevant documents;</li> <li>independently tested the valuations directly with the prices published on Mutual Fund Association of Pakistan (MUFAP) website.</li> <li>performed test of details on sale and purchase of investments on a sample basis.</li> </ul>

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

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

**Grant Thornton Anjum Rahman**  
Chartered Accountants

Karachi  
Date: September 28, 2022



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

	2022	2021
Note	----- Rupees in '000 -----	
<b>ASSETS</b>		
Bank balances	5 <b>347,525</b>	673,761
Investments	6 <b>2,794,958</b>	5,131,729
Mark-up accrued and dividend receivable	7 <b>16,635</b>	16,207
Deposits, prepayments and other receivables	8 <b>6,424</b>	38,907
Receivable against sale of investment	<b>5,782</b>	-
Receivable against transfer of units	9 <b>6,819</b>	4,569
<b>Total assets</b>	<b>3,178,143</b>	5,865,173
<b>LIABILITIES</b>		
Payable to NBP Fund Management Limited - Management Company	10 <b>37,730</b>	83,619
Payable to Central Depository Company of Pakistan - Limited Trustee	11 <b>383</b>	633
Payable to the Securities and Exchange Commission of Pakistan	12 <b>905</b>	1,166
Payable against redemption of units	13 <b>5,447</b>	21,117
Payable against purchase of investments	<b>-</b>	3,120
Accrued expenses and other liabilities	14 <b>31,340</b>	144,102
<b>Total liabilities</b>	<b>75,805</b>	253,757
<b>NET ASSETS</b>	<b>3,102,338</b>	5,611,417
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>3,102,338</b>	5,611,417
<b>CONTINGENCIES AND COMMITMENTS</b>		
	15	----- Number of units -----
<b>NUMBER OF UNITS IN ISSUE</b>	16 <b>203,696,124</b>	335,637,170
		----- Rupees -----
<b>NET ASSET VALUE PER UNIT</b>	17 <b>15.2302</b>	16.7187

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

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

	2022	2021
Note	----- Rupees in '000 -----	-----
<b>INCOME</b>		
Return / mark-up on:		
- bank balances	38,781	58,036
- sukus	41,372	127,675
Dividend income	242,434	151,088
Net (loss) / gain on sale of investments	(26,614)	194,571
Net unrealised (diminution)/ appreciation on re-measurement of investments - at fair value through profit or loss	6.5 (519,148)	792,932
<b>Total (loss) / income</b>	<b>(223,175)</b>	<b>1,324,302</b>
<b>EXPENSES</b>		
Remuneration of NBP Fund Management Limited - Management Company	10.1 75,543	87,488
Sindh Sales Tax on remuneration of the Management Company	10.2 9,821	11,373
Reimbursement of operational expenses to the Management Company	10.3 8,858	7,831
Reimbursement of Selling and marketing expenses charged by - the Management Company	10.4 73,385	93,834
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1 5,525	6,833
Sindh Sales Tax on remuneration of the Trustee	11.2 718	888
Annual fee to the Securities and Exchange Commission of Pakistan	12 905	1,167
Securities transaction costs	3,177	5,461
Settlement and bank charges	879	975
Auditors' remuneration	18 704	642
Fund rating fee	270	256
Legal and professional charges	286	110
Annual listing fee	28	27
Printing charges	135	172
Shariah advisor fee	676	750
<b>Total expenses</b>	<b>180,910</b>	<b>217,809</b>
<b>Net (loss) / income from operating activities</b>	<b>(404,085)</b>	<b>1,106,495</b>
Reversal / (provision) for Sindh Workers' Welfare Fund	19 89,944	(22,130)
<b>Net (loss)/ income for the year before taxation</b>	<b>(314,141)</b>	<b>1,084,365</b>
Taxation	20 -	-
<b>Net (loss) / income for the year after taxation</b>	<b>(314,141)</b>	<b>1,084,365</b>
<b>Allocation of net income for the year</b>		
Net income for the year after taxation	-	1,084,365
Income already paid on units redeemed	-	(384,070)
	-	700,295
<b>Accounting income available for distribution:</b>		
Relating to capital gain	-	635,674
Excluding capital gain	-	64,621
	-	700,295

The annexed notes from 1 to 34 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 after taxation	<b>(314,141)</b>	1,084,365
Items that will not be reclassified to income statement subsequently	-	-
Items that will be reclassified to income statement subsequently	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b><u>(314,141)</u></b>	<b><u>1,084,365</u></b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

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

	2022			2021		
	Capital value	Undistributed income / accumulated loss	Total	Capital value	Undistributed income / accumulated loss	Total
	(Rupees in '000)					
Net assets at beginning of the year	5,536,910	74,507	5,611,417	5,544,770	(500,800)	5,043,970
Issuance of 81,762,305 units (2021: 264,935,511 units)						
- Capital value	1,366,963	-	1,366,963	3,758,135	-	3,758,135
- Element of income / (loss)	(16,541)	-	(16,541)	550,744	-	550,744
Total proceeds on issuance of units	1,350,422	-	1,350,422	4,308,879	-	4,308,879
Redemption of 213,703,351 units (2021: 284,880,761 units)						
- Capital value	(3,572,842)	-	(3,572,842)	(4,041,060)	-	(4,041,060)
- Element of income	27,482	-	27,482	(236,645)	(384,070)	(620,715)
Total payments on redemption of units	(3,545,360)	-	(3,545,360)	(4,277,705)	(384,070)	(4,661,775)
Total comprehensive (loss) / income for the year	-	(314,141)	(314,141)	-	1,084,365	1,084,365
Interim cash dividend	-	-	-	(39,034)	(124,988)	(164,022)
<b>Net assets at end of the year</b>	<b>3,341,972</b>	<b>(239,634)</b>	<b>3,102,338</b>	<b>5,536,910</b>	<b>74,507</b>	<b>5,611,417</b>
Accumulated (loss) / Undistributed income brought forward						
- Realised		(718,425)			(570,849)	
- Unrealised		792,932			70,049	
		74,507			(500,800)	
Accounting income available for distribution						
- Relating to capital gain		-			635,674	
- Excluding capital gain		-			64,621	
Total comprehensive (loss) / income for the year		(314,141)			700,295	
Annual distribution during the year		-			(124,988)	
<b>Accumulated (loss)/ income carried forward</b>		<b>(239,634)</b>			<b>74,507</b>	
Accumulated gains / (loss) carried forward						
- Realised gain/ (loss)		279,514			(718,425)	
- Unrealised (loss)/gains		(519,148)			792,932	
		(239,634)			74,507	
				- (Rupees) -		- (Rupees) -
Net assets value per unit at beginning of the year			16.7187			14.1851
Net assets value per unit at end of the year			15.2302			16.7187

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

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

	2022	2021
	Note -----	Rupees in '000 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)/ income for the year before taxation	(314,141)	1,084,365
<b>Adjustments:</b>		
Return / mark-up on;		
- bank balances	(38,781)	(58,036)
- sukuks	(41,372)	(127,675)
Dividend income	(242,434)	(151,088)
Net loss / (gain) on sale of investments	26,614	(194,571)
'Net unrealised (appreciation) / diminution on re-measurement of investment	519,148	(792,932)
	<u>223,175</u>	<u>(1,324,303)</u>
	(90,966)	(239,938)
<b>Decrease/ (increase) in assets</b>		
Investments - net	1,791,009	442,291
Receivable against sale of investments	(5,912)	-
Deposits, prepayments and other receivables	32,483	(32,831)
	<u>1,817,580</u>	<u>409,460</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(45,889)	36,309
Payable to the Trustee	(250)	70
Payable to the Securities and Exchange Commission of Pakistan	(261)	97
Payable against purchase of investments	(2,990)	3,120
Accrued expenses and other liabilities	(112,763)	4,215
	<u>(162,153)</u>	<u>43,812</u>
Mark-up received on bank balances	37,680	60,419
Mark-up received on sukuks received	40,312	145,710
Dividend received	244,167	149,140
<b>Net cash used in operating activities</b>	<u>1,886,621</u>	<u>568,602</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received on issuance of units	1,348,172	4,266,073
Amounts paid on redemption of units	(3,561,029)	(4,658,358)
Dividend paid	-	(124,988)
<b>Net cash used in financing activities</b>	<u>(2,212,857)</u>	<u>(517,273)</u>
Net (decrease) / increase in cash and cash equivalents	(326,236)	51,329
Cash and cash equivalents at the beginning of the year	673,761	622,432
<b>Cash and cash equivalents at the end of the year</b>	<u>5 347,525</u>	<u>673,761</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



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

### 1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 NBP Islamic Sarmaya Izafa Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through supplemental trust deed executed on February 19, 2019 for the change of name and categorization of the Fund as a shariah compliant asset allocation scheme.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely " Sindh Trusts Act, 2020" ( The Sindh Trust Act) as empowered under the Eighteenth amendment to the constitution of Pakistan. The fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above mentioned trust deed has been registered under the Sindh Trust Act.

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

The Fund is an open-ended mutual fund and categorised as an islamic asset allocation scheme and its units are listed on Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

The investment objective of the Fund is to generate income by investing in shariah compliant equity and equity related securities and income by investing in shariah compliant bank deposits, debt and money market securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company on August 22, 2022 and has assigned performance ranking of 3-star to the Fund on August 10, 2022.

Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

## 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

## 2.3 Functional and presentation currency

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

## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan. It requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

- (a) classification and valuation of financial assets
- (b) impairment of financial assets
- (c) provisions

## 2.5 Accounting Convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values. Further, the accrual basis of accounting is used except for the cash flow.

## 3 BASIS OF PRESENTATION

### 3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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

New or revised standard or interpretation	IASB effective date "(Annual periods beginning on or after)"
Annual improvements to IFRS standards 2018 - 2020 Cycle	January 1, 2022
IFRS 3 - References to Conceptual Framework	January 1, 2022
IAS 16 - Proceeds before intended use	January 1, 2022
IAS 37 - Onerous Contracts - Cost of Fulfilling a contract	January 1, 2022
IFRS 16 - Covid-19-Related Rent Concessions beyond June 30, 2021	April 1, 2021

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

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

Standard or Interpretation	IASB effective date "(Annual periods beginning on or after)"
IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2022
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2022
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2022
IAS 8 - 'Definition of Accounting Estimates	January 1, 2023

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

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

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

Standard or Interpretation	IASB effective date "(Annual periods beginning on or after)"
IFRS 17 - Insurance Contracts	January 1, 2023

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Cash and cash equivalents

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

### 4.2 Financial assets and liabilities

#### 4.2.1 Initial recognition

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

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

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

#### 4.2.2 Classification and measurement

##### 4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

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

##### Financial asset at amortised cost

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

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

## Financial Asset at FVTOCI

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

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

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

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

## Financial asset at FVTPL

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

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

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

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

## Business Model Assessment

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

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model"

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

## 4.2.2.2 Financial liabilities

The fund classifies its financial liabilities in the following categories

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

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

### Classification and measurement of financial liabilities

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

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

## 4.2.3 Impairment of financial assets

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

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

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

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

## 4.2.4 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

### Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in

Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### **Basis of valuation of equity securities**

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

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

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

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

#### **4.2.5 Regular way contracts**

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

#### **4.2.6 Derecognition**

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

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

#### **4.2.7 Offsetting of financial instruments**

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

#### **4.3 Impairment of non financial assets**

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

#### **4.4 Issuance and redemption of units**

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



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

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

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

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

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

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

#### **4.6 Provisions**

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

#### **4.7 Revenue recognition**

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

#### **4.8 Expenses**

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

#### **4.9 Taxation**

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

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

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

#### 4.10 Distributions to the unit holders

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

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

#### 4.11 Earnings per unit

Earnings per unit (EPU) can be divided by dividing the adjusted net profit to weighted average number of units, this has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

	Note	2022 ----- Rupees in '000 -----	2021
<b>5 BANK BALANCES</b>			
Current accounts	5.2	<b>23,466</b>	33,052
Savings accounts	5.1 & 5.3	<b>324,059</b>	640,709
		<b><u>347,525</u></b>	<u>673,761</u>

5.1 These savings accounts carry profit at rates ranging from 6.50% to 16.00% per annum (June 30, 2021: 2.40% to 7.5% per annum)

5.2 At year end these include bank balances of Rs. 0.908 million (June 30, 2021: Rs. 8.318 million), maintained with National Bank of Pakistan.

5.3 These include a bank balances of Rs. 10.350 million and Rs. 92.2362 million (June 30, 2021: Rs. 150.209 million and Rs. 23.0826), which is maintained with National Bank of Pakistan and Bank Islamic Pakistan Limited respectively, related parties and carries mark-up at the rate of 11.00% and 15.25% respectively (June 30, 2021: 6.80%) per annum.

	Note	2022 ----- Rupees in '000 -----	2021
<b>6 INVESTMENTS</b>			
<b>At fair value through profit and loss</b>			
Listed equity securities	6.1	<b>2,455,403</b>	4,531,878
Sukuks	6.2	<b>339,555</b>	599,851
		<b><u>2,794,958</u></b>	<u>5,131,729</u>

## 6.1 Listed equity securities

Name of the investee company	As at July 01, 2021	Acquired during the period	Bonus / right issue	Sold during the period	As at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
	Number of shares				Rupees in '000		%		
<b>OIL AND GAS MARKETING COMPANIES</b>									
Attock Petroleum Limited	104,680	-	-	3,000	101,680	32,671	0.01	0.79	0.10
Pakistan State Oil Company Limited (6.1.1) & (6.1.2)	585,071	-	-	73,300	511,771	87,943	0.03	2.44	0.11
Hascol Petroleum Limited (Refer 6.1.2)	3,424	-	-	-	3,424	14.45	0.00	0.00	-
Sui Northern Gas Pipelines Limited	623,000	-	-	623,000	-	-	-	0.36	-
	<b>1,316,175</b>	<b>-</b>	<b>-</b>	<b>699,300</b>	<b>616,875</b>	<b>120,628</b>	<b>0.04</b>	<b>3.59</b>	
<b>OIL AND GAS EXPLORATION COMPANIES</b>									
Oil and Gas Development Company Limited	3,147,000	137,000	-	558,000	2,726,000	214,454	0.07	6.50	0.06
Pakistan Oilfields Limited (6.1.1)	166,332	4,660	-	36,162	134,830	54,715	0.02	1.28	0.05
Pakistan Petroleum Limited (6.1.1)	3,107,069	9,600	-	624,189	2,492,480	168,267	0.05	5.43	0.09
Mari Petroleum Company Limited	215,185	-	-	77,108	138,077	240,218	0.08	8.37	0.10
	<b>6,635,586</b>	<b>151,260</b>	<b>-</b>	<b>1,295,459</b>	<b>5,491,387</b>	<b>677,655</b>	<b>0.22</b>	<b>21.58</b>	
<b>CHEMICALS</b>									
Dynea Pakistan Limited	2,500	-	-	-	2,500	435	0.00	0.01	0.03
ICI Pakistan Limited	46,000	-	-	15,950	30,050	21,773	0.01	0.76	0.03
Descon Oxychem Limited	260,000	-	-	260,000	-	-	-	-	-
Engro Polymer & Chemicals Limited	3,197,000	-	-	2,250,285	946,715	75,387	0.02	3.25	0.10
Lotte Chemical Pakistan Limited	-	325,000	-	325,000	-	-	-	0.11	-
	<b>3,505,500</b>	<b>325,000</b>	<b>-</b>	<b>2,851,235</b>	<b>979,265</b>	<b>97,595</b>	<b>0.03</b>	<b>4.13</b>	
<b>PAPERS AND BOARD</b>									
Cherat Packaging Limited	-	-	-	-	-	-	-	-	-
Roshan Packages Limited	199,500	-	-	-	199,500	2,965	0.00	0.09	0.14
	<b>199,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,500</b>	<b>2,965</b>	<b>0.00</b>	<b>0.09</b>	
<b>FOOD AND PERSONAL CARE PRODUCTS</b>									
Al Shaheer Corporation Limited (Refer 6.1.2)	705,312	-	-	693,524	11,788	107	-	0.00	0.01
Unity Foods	743,074	-	-	743,074	-	-	-	-	-
	<b>1,448,386</b>	<b>-</b>	<b>-</b>	<b>1,436,598</b>	<b>11,788</b>	<b>107</b>	<b>-</b>	<b>0.00</b>	
<b>ENGINEERING</b>									
International Steels Limited	162,120	-	-	162,120	-	-	-	-	-
International Industries Limited	99,300	-	-	99,300	-	-	-	0.27	-
Agha Steel Limited	1,695,500	-	7,300	1,702,800	-	-	-	-	-
Mughal Iron And Steel Industries Limited	1,449,816	57,000	222,272	252,500	1,476,588	85,111	0.03	4.21	0.59
Aisha Steel Mills Limited	-	8,000	-	8,000	-	-	-	0.00	-
	<b>3,406,736</b>	<b>65,000</b>	<b>229,572</b>	<b>2,224,720</b>	<b>1,476,588</b>	<b>85,111</b>	<b>0.03</b>	<b>4.48</b>	
<b>CEMENT</b>									
D.G. Khan Cement Company Limited	558,386	-	-	558,386	-	-	-	-	-
Lucky Cement Limited	478,605	14,000	-	167,711	324,894	149,139	0.05	7.43	0.10
Maple Leaf Cement Factory Limited	1,014,852	210,000	-	998,369	226,483	6,194	0.00	0.54	0.04
Attock Cement Pakistan Limited	58,500	30,600	-	-	89,100	5,925	0.00	0.30	0.06
Kohat Cement Company Limited	917,410	205,300	-	1,700	1,121,010	145,877	0.05	4.42	0.56
Fauji Cement Company Limited	4,331,500	520,000	-	2,924,500	1,927,000	27,306	0.01	1.88	0.14
Cherat Cement Company Limited	126,900	-	-	126,900	-	-	-	-	-
PECTO Cement Limited	239,200	-	-	239,200	4,693	0.00	0.15	0.48	
	<b>7,725,353</b>	<b>979,900</b>	<b>-</b>	<b>4,777,566</b>	<b>3,927,687</b>	<b>339,135</b>	<b>0.11</b>	<b>14.72</b>	
<b>TRANSPORT</b>									
Pakistan International Bulk Terminal Limited	1,926,000	-	-	267,000	1,659,000	9,987	0.00	3.57	1.26
	<b>1,926,000</b>	<b>-</b>	<b>-</b>	<b>267,000</b>	<b>1,659,000</b>	<b>9,987</b>	<b>0.00</b>	<b>3.57</b>	

# NBP ISLAMIC SARMAYA IZAFI FUND



Name of the investee company	As at July 01, 2021	Acquired during the period	Bonus / right issue	Sold during the period	As at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
	Number of shares				Rupees in '000		%		
<b>TEXTILE COMPOSITE</b>									
Nishat Mills Limited	1,470,300	-	-	868,600	601,700	44,472	0.01	2.32	0.17
Kohinoor Textile Mills Limited	1,584,380	22,500	-	535,500	1,071,380	53,569	0.02	2.67	0.36
Interloop Limited	948,877	-	28,466	373,457	603,886	36,837	0.01	1.67	0.07
Synthetic Products Limited (Refer 6.1.2)	546	-	44	-	590	8	0.00	0.00	-
	<b>4,004,103</b>	<b>22,500</b>	<b>28,510</b>	<b>1,777,557</b>	<b>2,277,556</b>	<b>134,886</b>	<b>0.04</b>	<b>6.66</b>	
<b>FERTILIZER</b>									
Engro Corporation Limited (6.1.1)	1,186,047	-	-	341,771	844,276	217,055	0.07	5.75	0.15
Engro Fertilizers Limited	177,490	-	-	177,490	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	192,000	-	168,000	24,000	486	0.00	0.11	-
	<b>1,363,537</b>	<b>192,000</b>	<b>-</b>	<b>687,261</b>	<b>868,276</b>	<b>217,541</b>	<b>0.07</b>	<b>5.86</b>	
<b>POWER GENERATION AND DISTRIBUTION</b>									
The Hub Power Company Limited (6.1.1)	3,816,455	-	-	702,210	3,114,245	212,298	0.07	5.99	0.24
Lalpir Power Limited	370,000	-	-	-	370,000	4,718	0.00	0.13	0.10
	<b>4,186,455</b>	<b>-</b>	<b>-</b>	<b>702,210</b>	<b>3,484,245</b>	<b>217,016</b>	<b>0.07</b>	<b>6.12</b>	
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited (Refer 6.1.2)	1,837,401	-	272,610	680,631	1,429,380	161,492	0.05	6.30	0.11
	<b>1,837,401</b>	<b>-</b>	<b>272,610</b>	<b>680,631</b>	<b>1,429,380</b>	<b>161,492</b>	<b>0.05</b>	<b>6.30</b>	
<b>AUTOMOBILE ASSEMBLER</b>									
Millat Tractors Limited	77,130	-	34,544	82,644	29,030	25,332	0.01	1.84	0.06
Honda Atlas Cars (Pakistan) Limited	62,500	-	-	39,121	23,379	4,553	0.00	0.26	0.02
	<b>139,630</b>	<b>-</b>	<b>34,544</b>	<b>121,765</b>	<b>52,409</b>	<b>29,885</b>	<b>0.01</b>	<b>2.10</b>	
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>									
Baluchistan Wheels Limited	234,500	-	-	-	234,500	17,822	0.01	0.40	1.76
Thal Limited (Refer 6.1.2)	1	-	-	-	1	-	-	-	-
Panther tyres ltd	473,000	-	94,600	53,000	514,600	16,673	0.01	0.57	0.31
Agriaautos Industries Co. Ltd.	1,400	-	-	-	1,400	188	0.00	0.01	0.01
	<b>708,901</b>	<b>-</b>	<b>94,600</b>	<b>53,000</b>	<b>750,501</b>	<b>34,683</b>	<b>0.01</b>	<b>0.98</b>	
<b>PHARMACEUTICALS</b>									
Glaxo Smith Kline Consumer Healthcare	13,000	-	-	6,300	6,700	1,597	0.00	0.04	-
IBL HealthCare Limited	122,000	-	17,300	48,300	91,000	4,731	0.00	0.15	0.14
Abbott Laboratories Pakistan Limited	24,000	-	-	5,000	19,000	12,438	0.00	0.41	0.02
The Searle Company Limited	352,937	22,700	99,341	169,029	305,949	33,355	0.01	1.33	0.10
AGP Limited	357,900	24,000	-	292,700	89,200	7,816	0.00	0.31	0.03
Citi Pharma Limited	-	797,833	57,883	559,500	296,216	9,669	0.00	0.43	0.13
	<b>869,837</b>	<b>844,533</b>	<b>174,524</b>	<b>1,080,829</b>	<b>808,065</b>	<b>69,606</b>	<b>0.02</b>	<b>2.67</b>	
<b>TECHNOLOGY AND COMMUNICATION</b>									
Avanceon Limited (Refer 6.1.2)	14,322	-	3,581	-	17,903	1,395	0.00	0.03	0.01
TPL Trakker Limited	1,298,500	-	-	1,178,500	120,000	1,038	0.00	0.09	0.06
Systems Limited	426,360	4,800	343,460	257,419	517,201	170,604	0.05	7.28	0.42
	<b>1,739,182</b>	<b>4,800</b>	<b>347,041</b>	<b>1,435,919</b>	<b>655,104</b>	<b>173,037</b>	<b>0.06</b>	<b>7.40</b>	
<b>CABLE AND ELECTRICAL GOODS</b>									
Pak Elektron Limited	1,139,000	-	1,183,440	1,227,000	1,095,440	17,407	0.01	0.53	0.22
	<b>1,139,000</b>	<b>-</b>	<b>1,183,440</b>	<b>1,227,000</b>	<b>1,095,440</b>	<b>17,407</b>	<b>0.01</b>	<b>0.53</b>	
<b>LEATHER &amp; TANNERIES</b>									
Service GlobalFootwear Limited	262,622	-	-	262,622	-	-	-	-	-
	<b>262,622</b>	<b>-</b>	<b>-</b>	<b>262,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Name of the investee company	As at July 01, 2021	Acquired during the period	Bonus / right issue	Sold during the period	As at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of net assets	Market value as a percentage of total investment	Investment as a percentage of paid up capital of the investee company
	Number of shares			Rupees in '000		%			
<b>GLASS AND CERAMICS</b>									
Tariq Glass Industries Limited	659,500	-	-	379,399	280,101	29,077	0.01	1.58	0.38
Shabbir Tiles and Ceramics Limited	2,382,500	-	-	88,500	2,294,000	33,561	0.01	1.33	1.92
Ghani Value Glass Limited	61,100	-	-	-	61,100	4,033	0.00	0.08	0.09
	<b>3,103,100</b>	<b>-</b>	<b>-</b>	<b>467,899</b>	<b>2,635,201</b>	<b>66,670</b>	<b>0.02</b>	<b>2.99</b>	
<b>MISCELLANEOUS</b>									
Pakistan Aluminium Beverage Cans Limited	-	559,548	-	559,548	-	-	-	-	-
	<b>-</b>	<b>559,548</b>	<b>-</b>	<b>559,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>				22,608,119	28,418,267	2,455,403	0.79	93.79	
<b>Carrying value as June 30, 2022</b>						2,981,648			
<b>Market value as at June 30, 2021</b>						4,531,878			
<b>Carrying value as June 30, 2021</b>						3,738,749			

All shares have a nominal face value of Rs. 10 each except for shares of Thal limited and Synthetic Products Limited Limited, which have a face value of Rs. 5.

**6.1.1** Investments include shares with market value of Rs. 95.859 million (June 30, 2021: Rs. 91.63 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

**6.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

"During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. Subsequent to the year ended June 30, 2019. In 2019 the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 as a result of which the HCS issued an order dated July 15, 2019 whereby the previous stay has been restored. The matter is still pending adjudication and no provision has been recorded or contingent liability has been disclosed in the financial statements as the management is confident that the case will be decided in favor of the CISs.

Further, Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies.

## 6.3 Sukuks

Name of the investee company	Number of certificates				Market value as at June 30, 2022	Market value as at June 30, 2021	Investment as a percentage of	
	As at July 1, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022			Net assets	Issue size

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

All sukuks have a face value of Rs. 5,000, 100,000 and 1,000,000 each

Dubai Islamic Bank Pakistan Limited	129	-	-	129	133,322	132,608	2.38%	39.26%
Engro Powergen Thar (Pvt) Limited	20,000	-	-	20,000	-	100,000	-	-
The HUB Power Company Limited	3,000	-	1,200	1,800	142,033	305,984	2.53%	41.83%
Engro Polymer Chemical Limited	600	-	-	600	64,200	61,260	1.14%	18.91%

Market value as at June 30, 2022

339,555

Carrying value as at June 30, 2022

332,458

### 6.3.1 Other particulars of sukuks outstanding as at June 30, 2022 are as follows

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue Date	Maturity date
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR offer rate + 0.50% Spread	AA-	July 14, 2017	July 14, 2027
The HUB Power Company Limited	75,000	3 months KIBOR offer rate + 1.90% Spread	AA+	August 22, 2019	August 22, 2023
Engro Polymer Chemical Limited	100,000	3 months KIBOR offer rate + 0.90% Spread	AA	January 11, 2019	July 11, 2026

## 6.4 Non-performing sukuk classified as fair value through profit and loss

Name of the investee company	Note	Number of certificates				Market value as at June 30, 2022	Investment as a percentage of		
		As at July 01, 2021	Purchased during the year	Sold / matured during the year	As at June 30, 2022		Net assets	Market value of total investments	Issue size

Number of certificates Rupees in '000 ----- % -----

Eden Housing Limited	6.4.3	<u>5,000</u>	-	-	<u>5,000</u>	-	-	-
Carrying value as at June 30, 2022					<u>4,922</u>			
Accumulated impairment					<u>4,922</u>			

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

**6.4.1** This represents investment in privately placed sukuks with a term of five years. On May 6, 2011, the investee company defaulted its principal and profit payment and therefore it was classified as non performing asset by MUFAP. The amount of provision as per Circular no. 1 of 2009 and Circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

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

## 6.4.3 Other particulars of sukuk outstanding as at June 30, 2022 are as follows:

Name of the investee company	Face value (unredeemed)	Mark-up rate per annum	Rating	Issue date	Maturity date
Eden House Limited	984	6 Month KIBOR plus 2.5%	Not rated	March 31, 2008	March 31, 2013

	Note	2022 -----Rupees in '000-----	2021
<b>6.5 Net unrealised (diminution)/ appreciation on re-measurement of investments</b>			
Market value of investments	6.1 - 6.3	<b>2,794,958</b>	5,131,729
Less: carrying value of investments before mark to market	6.1 - 6.3	<b>2,275,810</b>	(4,338,797)
		<b>(519,148)</b>	792,932
<b>7 MARK-UP ACCRUED AND DIVIDEND RECEIVABLE</b>			
Mark-up accrued on bank balances		<b>5,096</b>	3,995
Mark-up accrued on government securities		-	-
Mark-up accrued on sukuks		<b>11,324</b>	10,264
Dividend receivable		<b>215</b>	1,948
		<b>16,635</b>	16,207
<b>8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Security deposits with:			
- National Clearing Company of Pakistan Limited		<b>2,500</b>	2,500
- Central Depository Company of Pakistan Limited		<b>100</b>	100
Advance tax		<b>3,686</b>	3,686
Advance against IPO Subscription		-	32,486
Prepayments		<b>138</b>	135
		<b>6,424</b>	38,907
<b>9 RECEIVABLE AGAINST TRANSFER OF UNITS</b>			
This represents amount receivable from other collective investment scheme being managed by the Management Company of the Fund. This amount was received during the period in respect of units issued to various unit holders based on their request for transfer of units from other collective investment scheme to the Fund.			
<b>10 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
	Note	2022 ----- Rupees in '000 -----	2021
Remuneration of the Management Company	10.1	<b>5,145</b>	7,169
Sindh Sales Tax on remuneration of the Management Company	10.2	<b>669</b>	932
Reimbursement of Operational expenses	10.3	<b>1,723</b>	2,174
Reimbursement of Selling and marketing expenses	10.4	<b>11,199</b>	25,363
Reimbursement of Sales load and other transfer load		<b>1,169</b>	24,296
ADC Charges Payable to AMC		<b>124</b>	90
Sindh Sales Tax and Federal Excise Duty on sales load		<b>17,701</b>	23,595
		<b>37,730</b>	83,619



- 10.1** Under the provisions of the NBFC Regulations, The Management Company has charged its remuneration at the rate of 2% of the average annual net assets of the Fund. The remuneration is payable to the Management Company monthly in arrears.
- 10.2** This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2021: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 10.3** In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Management Company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS. Accordingly, such expense has been charged at the rate of 0.15% of average annual net assets of the fund till July 25, 2021 and thereafter at the rate of 0.2% of average annual net assets of the fund.
- 10.4** The Management Company based on its own discretion has charged selling and marketing expenses at the below mentioned rates duly approved by the Board of Directors of the Management Company:

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

		2022	2021
	Note	----- Rupees in '000 -----	
<b>11</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Remuneration of the Trustee	11.1	339
	Sindh Sales Tax on remuneration	11.2	44
		383	560
			73
			633

- 11.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is payable to the trustee monthly in arrears.

The applicability of tariff structure to the Fund is same as upto Rs 1 billion of Net Assets @ 0.20% or 0.7 million per annum (whichever is higher) and over 1 billion Rs 2 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion.

Effective from 1 July, 2019 tariff structure to the Fund is revised as upto Rs 1 billion of Net Assets .@ 0.20% per annum and over 1 billion Rs 2 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion.

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

## **12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Under the provisions of the NBFC Regulations, a collective investment scheme categorised as an "asset allocation scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan. Effective from July 1, 2019, fee has been reduced to 0.02% per annum from 0.075% per annum. The fee is paid annually in arrears.

## 13 PAYABLE AGAINST REDEMPTION OF UNITS

This represents amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts are paid during the year in respect of units redeemed by various unit holders based on their request for transfer of units from the Fund to the other collective investment schemes.

14 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
		----- Rupees in '000 -----	
Auditors' remuneration		581	542
Provision for Sindh Workers' Welfare Fund	19	-	89,944
Federal Excise Duty on remuneration of the Management Company	14.1	18,406	18,406
Brokerage charges		163	1,779
Bank charges		125	226
Settlement charges		175	645
Printing charges		124	74
Charity	14.2	10,549	6,696
Withholding tax		169	21,945
Capital gain tax		124	2,812
Others		924	1,123
		<b>31,340</b>	<b>144,192</b>

14.1 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

The Honorable Sindh High Court (SHC) through its recent order dated June 02, 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from July 01, 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated July 16, 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated June 02, 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from July 01, 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 18.406 million. Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.0904 (June 30, 2021: Rs. 0.0548) per unit.

14.2 According to the instructions of the shariah advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 10.220 million (June 30, 2021: Rs 6.696 million) is outstanding in this regard after making charity payments of Rs.3.3096 million (June 30, 2021: Rs. 8.583 million) to charitable institutions.

## 15 CONTINGENCIES AND COMMITMENTS

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

16	NUMBER OF UNITS IN ISSUE	Note	2022	2021
			----- Number of units -----	
	Total units in issue at the beginning of the year	16.1	335,637,170	355,582,420
	Add: units issued during the year		81,762,305	264,935,511
	Less: units redeemed during the year		(213,703,351)	(284,880,761)
	Total units in issue at the end of the year		<u>203,696,124</u>	<u>335,637,170</u>

## 17 NET ASSET VALUE PER UNIT

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

18	AUDITORS' REMUNERATION	2022	2021
		----- Rupees in '000 -----	
	Annual audit fee	417	390
	Half yearly review fee	166	155
	Income Certification, out of pocket and sales tax expenses	121	97
		<u>704</u>	<u>642</u>

## 19 SINDH WORKERS' WELFARE FUND

'During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Sarmaya Izafa Fund amounting to Rs. 89.944 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 Sarmaya Izafa Fund by 1.69% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## 20 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The fund has not recorded any tax liability as the fund has incurred a net loss for the year.

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

## 21 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.

## 22 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide Circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the fund as 'Income Scheme'.

The Securities and Exchange Commission of Pakistan vide its Circular no. 16 dated July 7, 2010, prescribed specific disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirements of their constitutive documents.

Names of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	% of net assets	% of net assets	% of gross assets
Eden Housing Limited	Rating is below investment grade as prescribed in clause 9 (v) of the annexure of circular no. 7 of 2009	Sukuks <b>Note (6.4)</b>	4,922	(4,922)	-	-	-	-

- 22.1** At the time of purchase, these sukuku were in compliance with the aforementioned circular. However, they were subsequently defaulted or were downgraded to non investment grade.

## 23 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the year divided by average net asset for the year) is 4% per annum including 0.25% representing government levies on Collective Investment Schemes such as sales tax, provision for Sindh Worker's Welfare Fund and Securities and Exchange Commission of Pakistan fee for the year.

## 24 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 24.1** Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post employment benefit funds of the Management Company its parent and sponsor.

It also includes associated companies of management company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

- 24.2** The transactions with connected persons and related parties are carried out at agreed term.
- 24.3** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.
- 24.4** Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

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

	2022	2021
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	75,543	87,488
Sindh Sales Tax on remuneration of the Management Company	9,821	11,373
Reimbursement of operational expenses to the Management Company	8,858	7,831
Sales load payable to Management Company	13,502	56,481
Sindh Sales Tax and Federal Excise Duty on sales load	1,755	7,343
Reimbursement of Selling and marketing expenses	73,385	93,834
ADC Share Charges including Sindh Sales Tax	253	262
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	5,525	6,833
Sindh Sales Tax on remuneration of the Trustee	718	888
CDS charges	367	226
<b>Employees of the Management Company</b>		
Units issued / transferred in: 2,418,109 units (2021: 3,742,107 units)	39,959	60,179
Units redeemed / transferred out: 2,537,890 units (2021: 4,017,778 units)	42,064	65,125
Dividend re-invest: Nil units (2021: 1,105 units)	-	19
<b>NBP Fund Management Limited</b>		
Units issued / transferred in: 10,487,687 units (2021: Nil units)	168,006	-
Units redeemed / transferred out: 5,243,844 units (2021: Nil units)	81,821	-
<b>Chief Financial Officer</b>		
Units issued / transferred in: 57,441 units (2021: Nil units)	1,000	-
Units redeemed / transferred out: 32,539 units (2021: Nil units)	550	-
<b>Taurus Securities Limited (Subsidiary of Parent of the Management Company)</b>		
Brokerage charges	304	291
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Mark-up Income	9,055	84
<b>Bank Islami Pakistan Limited (Common directorship with the Management Company)</b>		
Mark-up on bank balances	7,569	4,902
Purchase of sukuk	-	761,756
Sale of sukuk	-	761,153
<b>International Industries Limited (Common directorship with the Management Company)*</b>		
Shares purchased: Nil shares (2021: 99,300)	-	21,475
Shares sold: Nil shares (2021: 56,370)	-	7,769
Dividend income	-	105
<b>International Steel Limited (Common directorship with the Management Company)</b>		
Shares purchased: Nil shares (2021: 170,42)	-	14,727
Shares sold: 162,120 shares (2021: 649,212)	12,154	45,634
Dividend income	1,134	-

	2022	2021
	----- Rupees in '000 -----	
<b>Cherat Cement Company Limited</b>		
<b>(Common directorship with the Management Company) *</b>		
Shares purchased: Nil shares (2021: 239,400)	-	40,196
Shares sold: Nil shares (2021: 112,500)	-	19,256
Dividend income	-	177
<b>The Hub power Company Limited</b>		
<b>(Common directorship with the Management Company) *</b>		
Shares purchased: Nil shares (2021: 900,000)	-	74,598
Shares sold: Nil shares (2021: 430,500)	-	34,287
Dividend income	-	22,725
Purchase of Sukuk	-	-
Sukuk Income	-	27,912
<b>NBP Islamic Income Fund</b>		
<b>(Fund Managed by Management Company)</b>		
Sale of Sukuk	<b>102,133</b>	302,184
<b>NBP Riba-Savings Fund</b>		
<b>(Fund Managed by Management Company)</b>		
Purchase of Sukuk	-	297,813
Sale of Sukuk	-	100,744
<b>National Clearing Company of Pakistan Limited **</b>		
<b>(Common Directorship with the Management Company)</b>		
NCCPL Charges	<b>412</b>	486
<b>Pakistan Stock Exchange Limited *</b>		
<b>(Common Directorship with the Management Company)</b>		
Listing fee paid	-	25
<b>Portfolio managed by Management Company</b>		
Units issued / transferred in: 411,412 units (2021: Nil units)	<b>6,650</b>	-
Units redeemed / transferred out 1,083,417 units (2021: 111,712 units)	<b>18,212</b>	1,865

\* Current period transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the period.

\*\*Prior period transactions with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

## 24.6 Details of amounts outstanding as at year end with connected persons are as follows :

	2022	2021
	----- Rupees in '000 -----	
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of the Management Company	<b>5,145</b>	7,169
Sindh Sales Tax on remuneration of the Management Company	<b>669</b>	932
Reimbursement of Operational expenses	<b>1,723</b>	2,174
Sales load and transfer load payable to Management Company	<b>1,169</b>	24,296
Sindh Sales Tax and Federal Excise Duty on sales load	<b>17,701</b>	23,595
Reimbursement of Selling and marketing expenses	<b>11,199</b>	25,363
ADC Charges Payable to Management Company	<b>124</b>	90

	2022	2021
	----- Rupees in '000 -----	
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	339	560
Sindh Sales Tax on remuneration of the Trustee	44	73
CDS charges	92	257
Security deposit	100	100
<b>Chief Financial Officer</b>		
Investment held in the Fund <b>24,902</b> units (2021: Nil units)	379	-
<b>NBP Fund Management Limited</b>		
Investment held in the Fund <b>5,243,844</b> units (2021: Nil units)	79,865	-
<b>National Bank of Pakistan (Parent of the Management Company)</b>		
Bank balances	11,258	158,526
Mark-up accrued	126	8
<b>International Industries Limited (Common directorship with the Management Company)*</b>		
Ordinary shares held: Nil shares (2021: 99,300 shares)	-	20,954
<b>International Steel Limited (Common directorship with the Management Company)</b>		
Ordinary shares held: Nil shares (2021: 162,120 shares)	-	15,144
<b>Bank Islami Pakistan Limited (Common directorship with the Management Company)</b>		
Bank balances	92,236	23,083
Mark-up accrued	1,175	1
<b>Cherat Cement Company Limited (Common directorship with the Management Company) *</b>		
Ordinary shares held: Nil shares (2021: 126,900 shares)	-	22,510
<b>Askari Bank Limited (Common directorship with the Management Company) *</b>		
Bank balance	-	11
Mark-up accrued	-	4
<b>The Hub power Company Limited (Common directorship with the Management Company) *</b>		
Ordinary shares held Nil shares (2021: 3,816,455 shares)	-	304,057
Investment in sukuk	-	305,984
Profit Receivable	-	3,077
<b>National Clearing Company of Pakistan Limited ** (Common Directorship with the Management Company)</b>		
NCCPL Charges payable	83	388
Security Deposit	2,500	2,500



2022                      2021  
----- Rupees in '000 -----

**Summit Bank Limited**

**(Common directorship with the Management Company) \***

Bank balances	-	9,733
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**Employees of the Management Company**

Investment held in the Fund <b>108,789</b> units (2021: 197,093 units)	<b>1,657</b>	3,295
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**Portfolio managed by Management Company**

Investment held in the Fund <b>208,894</b> units (2021: Nil units)	<b>3,181</b>	-
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## 25 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S.No.	Name	Qualification	Experience
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. Usama Bin Razi	BE, MBA	18
5	Mr. Hassan Raza	ACCA, BSC and CFA	11

25.1 The name of the Fund Manager is Asim Wahab Khan. Other funds managed by the Fund Manager are as follows:

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

## 26 TRANSACTIONS WITH BROKERS / DEALERS

List of top ten brokers by percentage of commission charged during the year ended June 30, 2022.

S.No	Broker name	Percentage (%)
1	Taurus Securities Ltd.	9.76
2	Intermarket Securities	5.35
3	Foundation Securities	3.75
4	Alfalah Securities	3.75
5	Habib Metropolitan Financial Services	4.87
6	JS Global Capital Limited	1.31
7	Arif Habib Securities	3.39
8	Bma Capital Management Limited	4.62
9	Ismail Iqbal Securities (PVT) Ltd.	6.92
10	EFG Hermes Pakistan Ltd.	4.09

List of top ten brokers by percentage of commission charged during the year ended June 30, 2021.

S.No	Broker name	Percentage (%)
1	Taurus Securities Ltd.	6.32
2	Alfalah Securities (Pvt) Limited	6.27
3	Arif Habib Securities Limited	6.01
4	Efg Hermes Pakistan Ltd	5.79
5	Insight Securities (Pvt.) Limited	4.87
6	Optimus Capital Management Limited	4.82
7	Foundation Securities	4.65
8	Topline Securities Limited	4.62
9	Intermarket Securities	4.38
10	Bma Capital Management Limited	4.34

## 27 PATTERN OF UNIT HOLDING

Category	Number of unit holders	Net asset value of the amount invested	Percentage of investment
		-----Rupees in '000-----	%
<b>As at June 30, 2022</b>			
Individuals	5,811	2,243,822	72.33
Insurance Companies	3	14,960	0.48
Retirement Funds	53	625,834	20.17
Public Limited Companies	1	359	0.01
Others	37	217,364	7.01
	<b>5,905</b>	<b>3,102,338</b>	<b>100</b>
<b>As at June 30, 2021</b>			
Individuals	7,792	4,006,111	71.39
Insurance companies	3	11,351	0.20
Retirement funds	59	904,570	16.12
Public limited companies	3	325,040	5.79
Others	61	364,344	6.49
	<b>7,918</b>	<b>5,611,417</b>	<b>100</b>

## 28 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 directors	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	-
*Syed Hasan Irtiza Kazmi	-	-	-	-
**Tauqeer Mazhar	4	4	-	-
Mehnaz Salar	5	5	-	-
Ali Saigol	5	5	-	-
Imran Zaffar	5	4	1	85th BOD Meeting
Khalid Mansoor	5	4	1	82nd BOD Meeting
Saad Amanullah Khan	5	5	-	-
Humayun Bashir	5	5	-	-
Amjad Waheed	5	5	-	-

28.1 \*Mr. Syed Hasan Irtiza Kazmi Resigned from the board with effect from June 25, 2021.

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

## 29 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2022

### Financial assets

	At fair value through profit or loss	At amortized cost	Total
Bank balances	-	347,525	347,525
Investments	2,794,959	-	2,794,959
Mark-up accrued and dividend receivable	-	16,635	16,635
Receivable against transfer of units	-	6,819	6,819
Deposits	-	2,600	2,600
	<b>2,794,959</b>	<b>373,579</b>	<b>3,168,538</b>

### Financial liabilities

Payable to the Management Company	-	37,728	37,728
Payable to the Trustee	-	383	383
Accrued expenses and other liabilities	-	2,092	2,092
Net assets attributable to redeemable units	-	3,102,338	3,102,338
	-	<b>3,142,542</b>	<b>3,142,542</b>

At fair value through profit or loss	At amortized cost	Total
--------------------------------------	-------------------	-------

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

As at June 30, 2021

### Financial assets

Bank balances	-	673,761	673,761
Investments	5,131,729	-	5,131,729
Mark-up accrued and dividend receivable	-	16,207	16,207
Receivable against sale of investments	-	4,569	4,569
Deposits	-	35,085	35,085
	<b>5,131,729</b>	<b>729,622</b>	<b>5,861,351</b>

### Financial liabilities

Payable to the Management Company	-	83,529	83,529
Payable to the Trustee	-	633	633
Accrued expenses and other liabilities	-	4,389	4,389
Net assets attributable to redeemable units	-	5,611,416	5,611,416
	-	<b>5,699,968</b>	<b>5,699,968</b>

## 30 FINANCIAL RISK MANAGEMENT

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

### 30.1 Market risk

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

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

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

### 30.1.1 Currency risk

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

### 30.1.2 Interest rate risk

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

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

As at June 30, 2022, the Fund holds balance in saving accounts and sukuks which are exposed to interest rate risk. In case of 100 basis points increase / decrease in bank profit rates as on June 30, 2022, the net assets of the Fund would have been higher / lower by approximately Rs. 663.615 million. (June 30, 2021: Rs. 12,405.598 million)

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

The Fund Sukuks that expose the Fund to fair value interest rate risk as at June 30, 2022. In case of 100 basis points increase in coupon rate on June 30, 2022, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher by Rs. 0 (June 30, 2021: Rs. 0 million) and net income for the year would have been higher by Rs. Nil (June 30, 2021: Rs. 10.9975). In case of 100 basis points decrease in KIBOR, with all other variables held constant, the net assets of the Fund and net income for the year would have been lower by Rs. Nil (June 30, 2021: Rs. 8.2721 million).

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

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

As at June 30, 2022

#### On-balance sheet financial instruments

##### Financial assets

Bank balances	6.50 - 16	347,525	23,466	-	324,059
Investments	11.90 - 16.56	2,794,959	-	-	2,455,403
Mark-up accrued and dividend receivable		16,635	-	-	16,635
Deposits		2,600	-	-	2,600
		<b>3,161,719</b>	<b>23,466</b>	<b>-</b>	<b>2,798,697</b>

##### Financial liabilities

Payable to the Management Company		37,730	-	-	37,730
Payable to the Trustee		383	-	-	383
Accrued expenses and other liabilities		4,389	-	-	4,389
Net assets attributable to redeemable units		<b>3,102,338</b>	<b>-</b>	<b>-</b>	<b>5,611,417</b>
		<b>3,144,840</b>	<b>-</b>	<b>-</b>	<b>5,653,919</b>

#### On-balance sheet gap

#### Off-balance sheet financial instruments

#### Off-balance sheet gap

	<b>16,879</b>	<b>23,466</b>	<b>-</b>	<b>(2,855,222)</b>
	-	-	-	-
	-	-	-	-

Yield / Interest rate	Total	Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year		
%	----- Rupees in '000 -----				
As at June 30, 2021					
On-balance sheet financial instruments					
Financial assets					
Bank balances	2.40 - 7.50	673,761	33,052	-	640,709
Investments	6.63 - 15.50	5,131,729	-	599,851	4,531,878
Mark-up accrued and dividend receivable		16,207	-	-	16,207
Deposits		2,600	-	-	2,600
		<u>5,824,297</u>	<u>33,052</u>	<u>599,851</u>	<u>5,191,394</u>
Financial liabilities					
Payable to the Management Company		83,529	-	-	83,529
Payable to the Trustee		633	-	-	633
Accrued expenses and other liabilities		4,389	-	-	4,389
Net assets attributable to redeemable units		5,611,416	-	-	5,611,416
		<u>5,699,967</u>	<u>-</u>	<u>-</u>	<u>5,699,967</u>
On-balance sheet gap		<u>124,330</u>	<u>33,052</u>	<u>599,851</u>	<u>(508,574)</u>
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

### 30.1.3 Price risk

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

The Fund is exposed to equity price risk because of the investments held by the Fund and classified in the 'statement of assets and liabilities' as financial asset 'at fair value through profit or loss'. The Fund manages price risk by limiting individual equity securities to not more than ten percent of net assets attributable to holders of the Fund's assets. Moreover, the sector limits have also been restricted to twenty five percent. The equity investments are listed in the Pakistan Stock Exchange Limited. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed on a regular basis by the investment committee as well as the Board of Directors.

In case of 5% increase / decrease in fair value of interest on June 30, 2022, the net income for the year would increase / decrease by Rs. 92.281 million (June 30, 2021: Rs. 134.313 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities date with all other variables held constant.

### 30.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. Credit risk arises from balances with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued mark-up on bank balances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

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

<b>Bank balances by rating category</b>	<b>2022</b>	<b>2021</b>
AAA	70.67%	79.84%
AA+	0.02%	0.03%
AA	0.83%	12.85%
AA-	1.60%	1.68%
A+	26.85%	3.59%
A	0.01%	2.00%
A-	0.02%	0.01%
	<b>100%</b>	<b>100%</b>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is as follows:

	<b>June 30, 2022</b>		<b>June 30, 2021</b>	
	<b>Amount of financial assets</b>	<b>Maximum Exposure</b>	<b>Amount of financial assets</b>	<b>Maximum Exposure</b>
-----Rupees in '000-----				
Bank balances	347,525	347,525	673,761	673,761
Investments	2,794,958	2,794,958	5,131,729	5,131,729
Mark-up accrued and dividend receivable	16,635	16,635	16,207	16,207
Receivable against transfer of units	6,819	6,819	4,569	4,569
Deposits	2,500	2,500	2,600	2,600
	<b>3,168,437</b>	<b>3,168,437</b>	<b>5,828,866</b>	<b>5,828,866</b>

### Concentration of credit risk

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

### 30.3 Liquidity risk

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

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

For the purpose of making redemptions, the Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen 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, no borrowing was obtained by the Fund during the current year.

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

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

	Up to three months	Total
-----Rupees in '000-----		
<b>As at June 30, 2022</b>		
<b>Financial liabilities</b>		
Payable to the Management Company	37,728	37,728
Payable to the Trustee	384	384
Accrued expenses and other liabilities	2,218	2,218
Net assets attributable to redeemable units	3,102,338	3,102,338
	<u>3,142,668</u>	<u>3,142,668</u>
<b>As at June 30, 2021</b>		
<b>Financial liabilities</b>		
Payable to the Management Company	83,529	83,529
Payable to the Trustee	633	633
Accrued expenses and other liabilities	4,389	4,389
Net assets attributable to redeemable units	5,611,416	5,611,416
	<u>5,699,967</u>	<u>5,699,967</u>

There is no financial asset and final liability having maturity more than three months

## 31 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price. The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market 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.

IFRS 13, 'Fair Value Measurements' 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:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).



- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Carrying amount			Fair value		
Fair value through profit & loss	Amortized cost	Total	Level 1	Level 2	Total

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

**June 30, 2022**

**Financial assets measured at fair value**

Government securities - Ijarah sukuks	-	-	-	-	-
Sukuks	339,555	-	339,555	-	339,555
Listed equity securities	2,455,403	-	2,455,403	2,455,403	-
	<b>2,794,958</b>	<b>-</b>	<b>2,794,958</b>	<b>2,455,403</b>	<b>339,555</b>

**Financial assets not measured at fair value**

Bank balances	-	673,761	673,761	-	-
Mark-up accrued and	-	16,207	16,207	-	-
Receivable against transfer of units	-	4,569	4,569	-	-
Deposits	-	2,600	2,600	-	-
	<b>-</b>	<b>697,137</b>	<b>697,137</b>	<b>-</b>	<b>-</b>

**Financial liabilities not measured at fair value**

Payable to NBP Fund Management Limited - Management Company	-	37,728	37,728	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	384	384	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	905	905	-	-
Accrued expenses and other liabilities	-	2,096	2,096	-	-
	<b>-</b>	<b>41,113</b>	<b>41,113</b>	<b>-</b>	<b>-</b>

**June 30, 2021**

**Financial assets measured at fair value**

Sukuks	599,851	-	599,851	-	599,851
Listed equity securities	4,531,878	-	4,531,878	4,531,878	-
	<b>5,131,729</b>	<b>-</b>	<b>5,131,729</b>	<b>4,531,878</b>	<b>599,851</b>

**Financial assets not measured at fair value**

Bank balances	-	673,761	673,761	-	-
Mark-up accrued and	-	16,207	16,207	-	-
Receivable against sale of investment	-	4,569	4,569	-	-
Deposits, prepayments and other receivables	-	2,600	2,600	-	-
	<b>-</b>	<b>697,137</b>	<b>697,137</b>	<b>-</b>	<b>-</b>

**Financial liabilities not measured at fair value**

Payable to NBP Fund Management Limited - Management Company	-	83,529	83,529	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	633	633	-	-
Payable to the Securities and Exchange Commission of Pakistan	-	1,166	1,166	-	-
Accrued expenses and other liabilities	-	4,389	4,389	-	-
	<b>-</b>	<b>89,717</b>	<b>89,717</b>	<b>-</b>	<b>-</b>

The Fund has not disclosed the fair values for other 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.

## 32 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies stated in note 28, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by short-term borrowings or disposal of investments where necessary.

## 33 DATE OF AUTHORISATION FOR ISSUE

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

## 34 GENERAL

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

34.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

## PERFORMANCE TABLE

Particulars	For the	For the	For the	For the	For the	For the
	year ended June 30, 2022	year ended June 30, 2021	year ended June 30, 2020	year ended June 30, 2019	year ended June 30, 2018	year ended June 30, 2017
Net assets at the year / period ended (Rs '000)	3,102,338	5,611,416	5,043,970	6,855,373	11,502,349	14,764,233
Net income for the year / period ended (Rs '000)	(314,141)	1,084,365	340,639	(1,096,871)	(1,323,940)	2,345,440
Net Asset Value per unit at the year / period ended (Rs)	15.2302	16.7187	14.1851	13.7410	15.5128	17.0820
Offer price per unit	15.7465	17.2855	14.6660	14.2068	16.0387	17.6611
Redemption price per unit	15.2302	16.7187	14.1851	13.7410	15.5128	17.0820
Ex - Highest offer price per unit (Rs.)	18.2369	17.7241	16.6461		17.8306	20.9116
Ex - Lowest offer price per unit (Rs.)	15.4676	14.4431	12.0508		15.2740	16.3405
Ex - Highest redemption price per unit (Rs.)	17.6389	17.1430	16.1003		17.2460	18.3107
Ex - Lowest redemption price per unit (Rs.)	14.9604	13.9695	11.6557		14.7732	14.2000
Opening Nav of Fiscal Year	16.7187	13.7819	13.0657	15.5128	16.9827	14.1982
Total return of the fund	-8.90%	21.31%	8.57%		-8.66%	20.31%
- capital growth	-8.90%	18.38%	3.40%		-8.66%	8.78%
- income distribution as a % of ex nav	-	2.93%	5.17%	-	-	11.53%
- income distribution as a % of par value	-	4.97%	7.25%	-	-	16.38%
Distribution						
Interim distribution per unit (Rs)	-	0.4974	0.7252	-	-	1.6376
Final distribution per unit (Rs)	-	-	-	-	-	0.0937
Distribution Dates						
Interim	-	23-Jun-21	26-Jun-20		-	21-Jun-17
Final						15-Sep-17
Average annual return of the fund (launch date October 29, 2007)						
(Since inception to June 30, 2022)	10.46%					
(Since inception to June 30, 2021)		12.03%				
(Since inception to June 30, 2020)			11.33%			
(Since inception to June 30, 2019)				11.60%		
(Since inception to June 30, 2018)					14.01%	
(Since inception to June 30, 2017)						16.65%
(Since inception to June 30, 2016)						
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
(Since inception to June 30, 2011)						
(Since inception to June 30, 2010)						
Portfolio Composition ( Please see Fund Manager Report)						

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 Sarmaya Izafa Fund**, duly approved by Board of Directors of the Management Company, is available on the website of NBP Fund Management Limited i.e. [www.nbpfund.com](http://www.nbpfund.com). A detailed information regarding actual proxies voted by the Management Company in respect of the fund is also available without charge, upon request, to all unit holders.

The details of summarized proxies voted are as follows:

<b>NBP Islamic Sarmaya Izafa Fund</b>				
	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain*</b>
<b>Number</b>	<b>10</b>	<b>10</b>	Nil	N/A
<b>(%)</b>	<b>100%</b>	<b>100%</b>	-	-

## Head Office

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

**UAN:** 021-111-111-632

**Toll Free:** 0800-20002

**Sms:** INVEST to 9995

**Fax:** 021-35825335

**Email:** [info@nbpfunds.com](mailto:info@nbpfunds.com)

**Website:** [www.nbpfunds.com](http://www.nbpfunds.com)

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