

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

NBP Fund Management Limited



NBP ISLAMIC SAVINGS 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 Shahr-e-Faisal, Karachi.

Bankers to the Fund

Al Baraka Islamic Bank Limited	National Bank of Pakistan
Allied Bank Limited	Silk Bank Limited
Bank Alfalah Limited	Zarai Taraqiati Bank Limited
Bank Al Habib Limited	Soneri Bank Limited
Bankislami Pakistan Limited	Summit Bank Limited
Dubai Islamic Bank Pakistan Limited	United Bank Limited
Habib Bank Limited	Faysal Bank Limited
Habib Metropolitan Bank Limited	
JS Bank Limited	
MCB Bank Limited	
Meezan Bank Limited	

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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



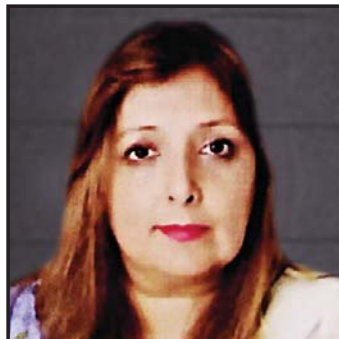
Mr. Tauqeer Mazhar
Director



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

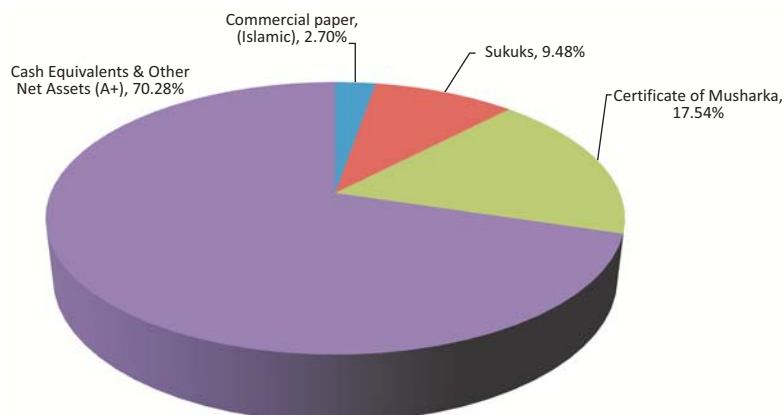
The Board of Directors of NBP Fund Management Limited is pleased to present the 15th Annual Report of **NBP Islamic Savings Fund** (NBP-ISF) for the year ended June 30, 2022.

Fund's Performance

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

The size of NBP Islamic Savings Fund has decreased from Rs. 2,155 million to Rs. 1,845 million during the period, i.e., a decline of 14%. During the said period, the unit price of the Fund has increased from Rs. 8.7454 (Ex-Div) on June 30, 2021 to Rs. 9.5511 on June 30, 2022 thus posting a return of 9.2% as compared to its Benchmark return of 3.3% for the same period. The return of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 229.69 million during the year. After deducting total expenses of Rs. 40.96 million, the net income is Rs. 188.73 million. The asset allocation of NBP-ISF as on June 30, 2022 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 9.09% of the opening ex-NAV (8.67% of the par value) during the year ended June 30, 2022.

Taxation

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

Sindh Workers' Welfare Fund (SWWF)

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by NBP ISLAMIC SAVINGS FUND amounting to Rs. 22.29 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 SAVINGS FUND by 1.04% on August 13, 2021 one-off event and is not likely to be repeated in the future.

Auditors

The present auditors, Messrs Grant Thornton Anjum Rahman, Chartered Accountant, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2023.

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of zmovement 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 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 24 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 22 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2022, the Board included:

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

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

ڈائریکٹرز رپورٹ

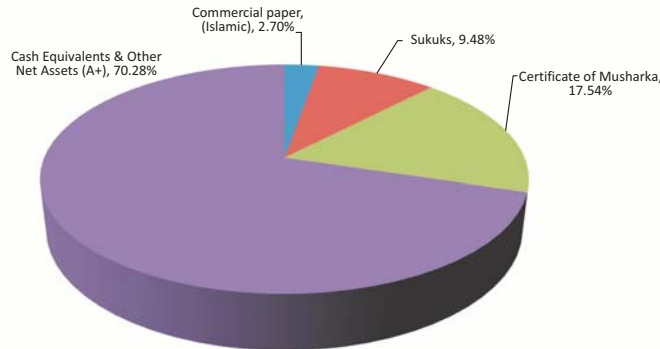
NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP اسلامک سیونگ فنڈ (NBP-ISF) کی پندرہویں سالانہ رپورٹ برائے سال ختمہ 30 جون 2022ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

مالی سال 22 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے آٹھ (8) مانیٹری پالیسی اجلاس منعقد کئے اور اہم ملکی سیاسی شور اور عالمی غیر یقینی صورتحال کی وجہ سے افراط زر کے دباؤ کا مقابلہ کرنے، معاشی استحکام کو یقینی بنانے اور بیرونی اور قیوتوں 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 قیوتوں 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 چیلنجز 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 قیوتوں میں تیزی سے اضافہ، (ii) روپیہ پر مسلسل دباؤ، (iii) یوٹیلٹی ٹیرف میں اضافہ، اور (iv) ایندھن کی سبسڈی کا ختم ہونا۔ CPI کی پیکش کردہ افراط زر جون-22 میں 21.3 فیصد تک پہنچ گئی جو گزشتہ سال کے اسی مہینے کے دوران 9.7 فیصد تھی۔ اسٹیٹ بینک پاکستان کے پاس غیر ملکی زرمبادلہ کے مجموعی ذخائر بھی ایک سال قبل 17.3 بلین امریکی ڈالر کے مقابلے میں جون-22 کے آخر میں 9.8 بلین امریکی ڈالر تک کم ہو گئے۔ افراط زر کا نقطہ نظر خراب ہو گیا اور بیرونی استحکام کے لیے خطرات بڑھ گئے ہیں، آئندہ سال کی پہلی ششماہی میں شرح مزید بڑھنے کا امکان ہے۔

NBP اسلامک سیونگ فنڈ کا سائز اس مدت کے دوران 2,155 ملین روپے سے کم ہو کر 1,845 ملین روپے ہو گیا، یعنی 14% کی کمی ہوئی۔ مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 8.7454 روپے (Ex-Div) سے بڑھ کر 30 جون 2022 کو 9.5511 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 3.3% شیئ مارک منافع کے مقابلے میں 9.2% منافع دیا۔ فنڈ کا یہ منافع مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 229.69 ملین روپے کی آمدنی ہوئی۔ 40.96 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 188.73 ملین روپے ہے۔ NBP اسلامک سیونگ فنڈ کی ایسٹ ایلوکیشن برطانیق 30 جون 2022ء درج ذیل ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2022ء کے اختتام کے بعد اویڈیوٹنگ ex-NAV کا 9.09% (بنیادی قدر کا 8.67%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

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

سندھ ورکرز ویلفیئر فنڈ (SWWF)

اگست 2021 کے دوران NBP اسلامک سیونگ فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروڈیونگ کے بعد امر اسلڈ نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ بلنگیشن پر میوچل فنڈ زاہوسی الیشن آف پاکستان کو دی گئی 22.29 ملین روپے کی رقم واپس کر دی گئی۔ پروڈیونگ کی اس واپسی کے باعث 13 اگست 2021 کو NBP اسلامک سیونگ فنڈ کی NAV میں 1.04% 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 میسرز تھارٹن، انجم رحمان، چارٹرڈ اکاؤنٹنٹس، 30 جون 2023 کو ختم ہونے والے سال کے لئے اپنے آپ کو تقرری کے لئے پیش کرتے ہیں۔

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

- 1 بینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلواور یونٹ، ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی کی گئی ہے۔ شہریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی بیرونی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیمپل / 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 25 میں ظاہر کی گئی ہے۔
- 11 یونٹ ہولڈنگ کا تفصیلی پٹرن مالیاتی گوشواروں کے نوٹ 24 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 22 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

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



اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP ڈیز مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 27 ستمبر 2022ء

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

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

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

NBP Islamic Savings Fund (NBP-ISF) is an Open-End Shariah Compliant Income Scheme.

Investment Objective of the Fund

The objective of NBP-ISF is to earn a reasonable rate of return in a Shariah compliant manner by investing in Shariah compliant debt securities, money market instruments and bank deposits.

Benchmark

6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP.

Fund Performance Review

This is the 15th Annual report since the launch of the Fund on October 26, 2007. The Fund size decreased by 14% and stands at Rs. 1,845 million as of June 30, 2022. The Fund's return since inception is 7.1% p.a. versus the benchmark return of 5.4% p.a. During FY22, the Fund posted an annualized return of 9.2% as compared to the benchmark return of 3.3%. This outperformance is net of management fee and all other expenses.

The portfolio does not include potential recovery in fully provided Sukuks (Face Value of around Rs 115 million), which is a potential upside for the Fund. Weighted average time to maturity of Fund is 12 days.

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

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-22	30-Jun-21
Sukuks / Commercial Paper (Islamic)	12.18%	20.10%
Placement with Banks and DFIs (Islamic)	17.54%	30.63%
Cash (Cash Equivalents) & Other Assets	70.28%	49.27%
Total	100%	100%

Distribution for the Financial Year 2022

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June - 22	8.669%	10.4070	9.5401

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
New Allied Electronics Limited I	SUKUK	110,000,000	110,000,000	-	-	-
New Allied Electronics Limited II	SUKUK	4,905,437	4,905,437	-	-	-
Total		114,905,437	114,905,437	-	-	-

Unit Holding Pattern of NBP Islamic Savings Fund as on June 30, 2022

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	596
1-1000	2,345
1001-5000	558
5001-10000	145
10001-50000	425
50001-100000	216
100001-500000	310
500001-1000000	29
1000001-5000000	19
5000001-10000000	5
10000001-100000000	1
Total	4,649

During the period under question

There has been no other significant change in the state of affairs of the Fund. NBP Islamic Savings 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 Savings Fund amounting to Rs. 22.29 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 Savings Fund by 1.04% on August 13, 2021 one-off event and is not likely to be repeated in the future.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

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

For and behalf of the board

Date: **September 27, 2022**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 12, 2022/Safar 15, 1444

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

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

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of NBP-ISF in light of Shari'ah guidelines.
- ii. All the provisions of the scheme and investments made on account of NBP-ISF by NBP Funds are Shari'ah Compliant and are in accordance with the criteria established.
- iii. On the basis of information provided by the management, nothing has come to our attention that causes us to believe that all the operations of NBP-ISF for the year ended June 30, 2022 are not in compliance with Shari'ah principles.

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

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

Introduction

We have performed an independent assurance engagement of NBP Islamic Savings Fund (the Fund), to express a Limited Assurance on the annexed Statement of Compliance with Shariah Principles (the Statement) for the year ended June 30, 2022. Our engagement was carried out as per the Shariah Principles specified in the Trust Deed, Offering Document, and the guidelines issued by the Shariah Advisor.

Management Company's responsibility

Management Company of the Fund is responsible for the preparation of the Statement (the subject matter) and for compliance with Shariah Principles specified in the Trust Deed, Offering Document, and the guidelines issued by the Shariah Advisor. This responsibility includes designing, implementing and maintaining internal control to ensure operations of the Fund and the investments made by the Fund are in compliance with the Shariah Principles.

Our responsibility

Our responsibility to carry out procedures, to ensure compliance with the applicable statutory and regulatory requirements and to report thereon in the form of an independent limited assurance conclusion.

Scope of assurance

We conduct our engagement in accordance with the International Standards on Assurance Engagement (ISAE 3000) 'Assurance Engagement other than Audit or Reviews of Historical Financial Statements'. This standard requires that we comply with the ethical requirements, including independence requirements, and plan and perform the engagement to obtain limited assurance whether the Statement reflects the status of the Fund's compliance with Shariah Principles specified in the Trust Deed, Offering Document and the guidelines issued by the Shariah Advisor.

The procedures selected depend on our judgment, including the assessment of risks of material non-compliance with the Shariah Principles whether due to Fraud or error. In making those risk assessments, we have considered Internal controls relevant to the Fund's Compliance with the principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the principles. Our engagement was not for purpose of expressing an opinion in the effectiveness of the Fund's internal control.

The assurance engagement is not limited preliminary to enquiries but also includes inspection of records and; to ensure existence of any evidence gathering procedures as appropriate.

- " Performed inquires, walkthrough and test of controls on sample basis, the compliance with specified guidelines issued by Shariah Advisor relating to maintaining of bank accounts and for making investments of the Fund; and
- " Reviewing that the Shariah Advisor has certified that the operations of the Fund and investment made by the Fund during the year ended June 30, 2022 are in compliance with the Shariah Principles and where required, purification of income from non-compliant sources has been made in consultation with the Shariah Advisor.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Fund's annexed Statement of Compliance with Shariah Principles (the Statement) for the year ended June 30, 2022 is not prepared, in all material respects, in accordance with the Shariah Principles specified in the Trust Deed, Offering Document and the guidelines issued by the Shariah Advisor.

Grant Thornton Anjum Rahman
Chartered Accountants

Place: Karachi
Dated: September 28, 2022

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the unit holders of NBP Islamic Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Savings 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>Investments (refer note 6 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. 548.554 million (2021: Rs. 1,093.060 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"> obtained understanding of relevant controls placed by the Management Company applicable to the account balance; verified existence of investments from Central Depository Company (CDC) account statement, bank statements and other relevant documents; performed test of details on sale, purchase and maturity of investments on a sample basis; and tested valuation of investments.

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.

Other matter

- 1) The financial statements of the Fund for the year ended June 30, 2021, were audited by another firm of auditors who in their audit report dated September 30, 2021 expressed an un-modified opinion.
- 2) The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.

Grant Thornton Anjum Rahman
Chartered Accountants

Place: Karachi
Date: September 28, 2022

UDIN: AR202210126y2HvOeR4p

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	2022	2021
Note	----- Rupees in '000 -----	
ASSETS		
Bank balances	5 1,309,827	1,095,575
Investments	6 548,554	1,093,060
Profit accrued	7 34,102	20,636
Deposits, prepayments and other receivables	8 1,589	1,567
Total assets	1,894,072	2,210,838
LIABILITIES		
Payable to NBP Funds Management Limited - Management Company	9 9,137	7,235
Payable to Central Depository Company of Pakistan Limited - Trustee	10 147	163
Payable to the Securities and Exchange Commission of Pakistan	11 429	592
Accrued expenses and other liabilities	12 28,174	47,604
Payable against redemption of units	13 10,692	305
Total liabilities	48,579	55,899
NET ASSETS	1,845,493	2,154,939
UNIT HOLDERS' FUND (as per attached statement)	1,845,493	2,154,939
Contingencies and commitments	14	
	----- Number of units -----	
Number of units in issue	20 193,223,949	225,882,827
	----- Rupees -----	
Net asset value per unit	21 9.5511	9.5401

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	Note	Rupees in '000
INCOME		
Return / Profit on:		
- bank balances	131,348	84,087
- term deposit	9,562	54,630
- sukuku	11,151	16,759
- bai muajjal	2,663	11,228
- musharka	31,627	11,155
- commercial paper	21,339	37,009
Net (loss)/gain on sale of investments	(6)	110
Total income	207,684	214,978
EXPENSES		
Remuneration of NBP Fund Management Limited	14,735	14,966
Sindh Sales Tax on remuneration of the Management Company	1,916	1,946
Reimbursement of operational expenses to the Management Company	2,682	3,402
Reimbursement of selling and marketing expenses - Management Company	16,710	20,651
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1 1,609	2,219
Sindh Sales Tax on remuneration of the Trustee	10.2 209	288
Annual fee to the Securities and Exchange Commission of Pakistan	11.1 429	592
Settlement and bank charges	367	310
Securities transaction cost	3	-
Auditors' remuneration	15 696	695
Fund rating fee	476	434
Legal and professional charges	712	880
Annual listing fee	28	28
Printing charges	76	85
Shariah advisor fee	307	419
Total expenses	40,955	46,915
Net income from operating activities	166,729	168,063
Reversal / (provision) against Sindh Workers' Welfare Fund	12.1 22,002	(3,361)
Net income for the year before taxation	188,731	164,702
Taxation	16 -	-
Net income for the year after taxation	188,731	164,702
Allocation of net income for the year		
Net income for the year after taxation	188,731	164,702
Income already paid on units redeemed	(64,484)	(69,221)
	124,247	95,481
Accounting income available for distribution:		
- Relating to capital gain	-	87
- Excluding capital gain	124,247	95,394
	124,247	95,481

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2022	2021
	----- Rupees in '000 -----	
Net income for the year after taxation	188,731	164,702
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>188,731</u></u>	<u><u>164,702</u></u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2022			2021		
	(Rupees in '000)					
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at beginning of the year	2,092,893	62,046	2,154,939	3,907,523	60,127	3,967,650
Issuance of 212,443,345 units (2021: 177,054,094 units)						
- Capital value	2,026,731	-	2,026,731	1,687,556	-	1,687,556
- Element of income	113,286	-	113,286	49,795	-	49,795
Total proceeds on issuance of units	2,140,017	-	2,140,017	1,737,351	-	1,737,351
Redemption of 245,102,223 units (2021: 367,444,976 units)						
- Capital value	(2,338,300)	-	(2,338,300)	(3,502,228)	-	(3,502,228)
- Element of loss	(77,045)	(64,484)	(141,529)	(19,219)	(69,221)	(88,440)
Total payments on redemption of units	(2,415,345)	(64,484)	(2,479,829)	(3,521,447)	(69,221)	(3,590,668)
Total comprehensive income for the year	-	188,731	188,731	-	164,702	164,702
Interim distribution @Re.0.8669/unit declared on June 28, 2022 (2021: Re.0.5359/unit)	(36,170)	(122,195)	(158,365)	(30,534)	(93,562)	(124,096)
Total distribution for the year	(36,170)	(122,195)	(158,365)	(30,534)	(93,562)	(124,096)
Net assets at end of the year	1,781,395	64,098	1,845,493	2,092,893	62,046	2,154,939
Undistributed income brought forward						
- Realised		62,046			60,127	
- Unrealised		-			-	
		62,046			60,127	
Accounting income available for distribution						
- Relating to capital gain		-			87	
- Excluding capital gain		124,247			95,394	
		124,247			95,481	
Total distribution		(122,195)			(93,562)	
Undistributed income carried forward		64,098			62,046	
Undistributed income carried forward comprising of :						
- Realised		64,098			62,046	
- Unrealised		-			-	
		64,098			62,046	
			---Rupees---			---Rupees---
Net assets value per unit at beginning of the year			9.5401			9.5313
Net assets value per unit at end of the year			9.5511			9.5401

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

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	188,731	164,702
Adjustments:		
Return / profit on;		
- bank balances	(131,348)	(84,087)
- term deposit	(9,562)	(54,630)
- sukuks	(11,151)	(16,759)
- bai muajjal	(2,663)	(11,228)
- musharka	(31,627)	(11,155)
- commercial paper	(21,339)	(37,009)
Loss / (gain) on sale of investment	6	(110)
(Reversal) / provision for Sindh Workers' Welfare Fund	12.1 (22,002)	3,361
	(229,686)	(211,617)
	(40,955)	(46,915)
Decrease / (Increase) in assets		
Investments - net	208,238	295,553
Deposits, prepayments and other receivables	(22)	(20)
	208,216	295,533
Increase / (decrease) in liabilities		
Payable to the Management Company	1,902	(6,488)
Payable to the Trustee	(16)	(124)
Payable to the Securities and Exchange Commission of Pakistan	(163)	(61)
Accrued expenses and other liabilities	2,572	(24,071)
	4,295	(30,744)
Profit on bank balances received	120,416	93,871
Profit on term deposit received	9,622	57,929
Profit on sukuks received	5,718	15,734
Profit on certificate of musharika received	34,466	-
Profit on bai muajjal received	2,663	12,310
Profit on commercial paper received	21,339	37,009
Net cash generated from operating activities	365,780	434,727
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	2,103,847	1,722,952
Amounts paid on redemption of units	(2,469,442)	(3,611,023)
Dividend paid	(122,195)	(93,562)
Net cash (used in) financing activities	(487,790)	(1,981,633)
Net (decrease) in cash and cash equivalents during the year	(122,010)	(1,546,906)
Cash and cash equivalents at the beginning of the year	1,755,575	3,302,481
Cash and cash equivalents at the end of the year	5.2 1,633,565	1,755,575

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Savings 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 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 classified as shariah compliant "income" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 18, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

Management Company has obtained approval of SECP, pursuant to which the category of the Fund was changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund was 'NAFA Islamic Income Fund' with effect from March 14, 2017.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

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

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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, 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) .
- Where provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations.

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting judgments and estimates

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 of financial assets (note 4.2.2.1 and 6)
- b) impairment of financial assets (note 4.2.3)
- c) provisions (note 4.6)

3 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

3.1 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.

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.

New or Revised Standard or Interpretation	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 37 - Onerous Contracts - Cost of Fulfilling a contract	January 1, 2022

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

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' and amendments to IFRS 17	January 1, 2023

4 SIGNIFICANT ACCOUNTING POLICIES

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

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").

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

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

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

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

4.2.3 Impairment of financial assets

The SECP has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 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 shariah compliant government securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenor of the securities.

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

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

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

4.2.5 Regular way contracts

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

4.2.6 Derecognition

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

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

4.2.7 Offsetting of financial instruments

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

4.3 Impairment of non financial assets

"The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement."

4.4 Issuance and redemption of units

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

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

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

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

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

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

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past

events, 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 gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.
- Profit / return on government securities, sukuk certificates, musharka certificate, bai-muajjal, bank balances and term deposits are recognized on a time proportion 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 as and when incurred.

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 Distribution 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 is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 18.

5	BANK BALANCES	Note	2022	2021
			Rupees in '000	
	Current accounts		12,009	18,373
	Savings accounts	5.1	1,297,818	1,077,202
			<u>1,309,827</u>	<u>1,095,575</u>

5.1 These savings accounts have an expected profit at rates ranging from 6.50% to 16.00% per annum (2021: 4.50% to 7.40% per annum). Balance maintained with related parties i.e. National Bank of Pakistan amount to Rs. 2.35 Million (2021: Rs. 1.30 Million) Bank Islami Pakistan amounted to Rs. 19.05 Million (2021:Rs. 3.61 Million) respectively.

5.2	Cash and cash equivalents	Note	2022	2021
			Rupees in '000	
	Current accounts		12,009	18,373
	Savings accounts		1,297,818	1,077,202
	Term deposits receipt	6.4	-	300,000
	Certificate of musharka	6.5	323,738	360,000
			<u>1,633,565</u>	<u>1,755,575</u>

6 INVESTMENTS

At fair value through profit or loss

Sukuks	6.1,6.2	175,000	75,000
Commercial paper	6.3	49,816	358,060
Term deposit receipts	6.4	-	300,000
Certificate of musharka	6.5	323,738	360,000
		<u>548,554</u>	<u>1,093,060</u>

6.1 Sukuks

Description	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
					Rupees in '000	%	
The Hub Power Company Limited	750	1,500	2,250	-	-	-	-
K-Electric	-	50	-	50	50,000	2.71%	9.11%
K-Electric	-	50	-	50	50,000	2.71%	9.11%
K-Electric	-	75	-	75	75,000	4.06%	13.67%
Total as at June 30, 2022					<u>175,000</u>	<u>9.48%</u>	<u>31.89%</u>
Carrying value before mark to market as at June 30, 2022					<u>175,000</u>		

6.2 Non-performing sukuks classified at fair value through profit or 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
						Rupees in '000	-----	% -----
New Allied Electronics Industries (Private) Limited								
- Sukuk 1	6.2.1 & 6.2.2	352,000	-	-	352,000	-	-	-
New Allied Electronics Industries (Private) Limited								
- Sukuk 2	6.2.1 & 6.2.2	1,000	-	-	1,000	-	-	-
Carrying value as at June 30, 2022						114,905		
Accumulated impairment						114,905		

All sukuks have a face value of Rs. 100,000 except New Allied Electronics Industries (Private) Limited - Sukuk 1 and Sukuk 2 which have face value of Rs. 312.5 and Rs. 4,905.5 respectively.

6.2.1 These represent investment in privately placed sukuks with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since January 9, 2009. 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.

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

6.2.3 Significant terms and conditions of sukuks outstanding as at June 30, 2022 are as follows:

Name of the Security	Face value (unredeemed)	Profit rate per annum	Issue date	Maturity date
Rupees in '000				
K-Electric Limited	50,000	6 month KIBOR +0.85%	4-Feb-22	4-Aug-22
K-Electric Limited	50,000	6 month KIBOR +0.85%	15-Feb-22	15-Aug-22
K-Electric Limited	75,000	6 month KIBOR +0.70%	27-Apr-22	27-Oct-22
New Allied Electronics Industries (Private) Limited - Sukuk 1	110,000	3 month KIBOR + 2.60%	27-Jul-07	27-Jul-12
New Allied Electronics Industries (Private) Limited - Sukuk 2	4,905	6 month KIBOR + 2.20%	3-Dec-07	3-Dec-12

6.3 Commercial Papers

Name of the investee company	Note.	Face value				Carrying value as at June 30, 2022	Carrying value as at June 30, 2021
		As at July 01, 2021	Placements made during the year	Sales / matured during the year	As at June 30, 2022		
----- Rupees in '000 -----							
K-Electric		250,000		250,000	-	-	-
K-Electric		115,000		115,000	-	-	-
K-Electric		-	50,000	50,000	-	-	-
K-Electric		-	60,000	60,000	-	-	-
K-Electric		-	50,000	50,000	-	-	-
Lucky Electric Power		-	100,000	100,000	-	-	-
Lucky Electric Power	6.3.1	-	50,000	-	49,816	49,816	-
		365,000	310,000	625,000	49,816	49,816	-

6.3.1

Particulars	Profit rates	Issue date	Maturity Date	Face Value	Carrying Amount	Carrying value as a % of net assets	Carrying value as a % of total investment
----- Rupees '000----- % -----							
Lucky Electric Power	12.97%	January 12, 2022	July 12, 2022	49,816	49,816	2.70%	9.08%
				49,816	49,816		

6.4 Term deposit receipts

Name of the investee company	Note	Carrying Amount				
		As at July 01, 2021	Purchases during the year	Sales / matured during the year	As at June 30, 2022	As at June 30, 2021
----- Rupees '000' -----						
Bank Islami Pakistan Limited		300,000	300,000	600,000	-	300,000
Bank Islami Pakistan Limited		-	320,000	320,000	-	-
Bank Islami Pakistan Limited		-	315,000	315,000	-	-
Bank Islami Pakistan Limited		-	315,000	315,000	-	-
Bank Islami Pakistan Limited		-	316,929	316,929	-	-
		300,000	1,566,929	1,866,929	-	300,000

6.5 Musharka

Name of the investee company	Note.	Face value				
		As at July 01, 2021	Purchases during the year	Sales / matured during the year	As at June 30, 2022	As at June 30, 2021
----- Rupees '000 -----						
First Habib Mudaraba	6.5.1	360,000	953,738	990,000	323,738	360,000

6.5.1	Particulars	Profit Rates	Issue date	Maturity Date	Carrying Amount	Carrying Amount as a % of net assets	Carrying Amount as a % of total investment
					Rupees '000		
	Certificate of Musharka	13.4%	April 26, 2022	July 26, 2022	<u>323,738</u>	17.54%	59.02%

6.6 Bai Muajjal

Name of the investee company	Note.	Face value				
		As at July 01, 2021	Purchases during the year	Sales / matured during the year	As at June 30, 2022	As at June 30, 2021
		----- Rupees '000 -----				
HUBCO STS (Bai Muajjal)	6.6.1	-	51,452	51,452	-	-
HUBCO STS (Bai Muajjal)	6.6.2	-	51,472	51,472	-	-
		-	<u>102,924</u>	<u>102,924</u>	-	-

6.6.1 This represents Bai Muajjal of Sukuks with Pak Burnei Investment Company on February 22, 2022. This carry profit at the rate of 10.55% and were matured on May 23, 2022.

6.6.2 This represents Bai Muajjal of Sukuks with Pak Burnei Investment Company on February 23, 2022. This carry profit at the rate of 10.55% and were matured on May 23, 2022.

7	PROFIT ACCRUED	2022	2021
		----- Rupees in '000 -----	
	Profit accrued on:		
	- bank balances	7.1 19,328	8,396
	- term deposit receipts	7.2 -	60
	- sukuks	7.3 6,458	1,025
	- certificate of musharka	7.4 8,316	11,155
		<u>34,102</u>	<u>20,636</u>

7.1 These savings accounts have an expected profit at rates ranging from 6.50% to 16.00% per annum.

7.2 TDRs placed with Bank Islami Pakistan Limited matured during the year have profit at rates ranging from 7.00% to 7.80% per annum.

7.3 These Sukuks have profit at rates ranging from 8.75% to 15% per annum.

7.4 These Certificate of Musharika have expected profit rates ranging from 13.40% to 14.80% per annum.

8 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	----- Rupees in '000 -----	
Security deposit with Central Depository Company of Pakistan Limited	100	100
Advance tax	1,240	1,240
Prepayments	249	227
	<u>1,589</u>	<u>1,567</u>

9 PAYABLE TO MANAGEMENT COMPANY

		2022	2021
	Note	----- Rupees in '000 -----	
Remuneration of the Management Company	9.1	1,897	971
Sindh Sales Tax on remuneration of the Management Company	9.2	247	126
Reimbursement of operational expenses	9.3	662	746
Reimbursement of selling and marketing expenses	9.4	4,503	4,179
Sales load		867	398
Sindh Sales Tax and Federal Excise Duty on sales load		734	707
ADC charges and Sindh Sales Tax on ADC charges		227	108
		<u>9,137</u>	<u>7,235</u>

9.1 Under the provisions of Non-Banking Finance Companies and Notified Entities Regulations 2008, an Asset Management Company shall be entitled to an accrued remuneration. During the year, Management Company has charged remuneration as follows:

8% of net income of the Fund subject to minimum 0.5% as average of NAV and maximum 1.5% of average NAV, applicable from January 10, 2020 onwards

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

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

9.3 As per regulation 60(3)(s) of the NBFC Regulations, an asset management company is entitled to charge fees and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS).

Accordingly, the Management Company based on its discretion has charged 0.125% of the average annual net assets.

9.4 SECP through its Circular No. 11 of 2019 dated July 5, 2019, has removed cap of 0.4% on all open end funds (except "Fund of Funds") in relation to selling and marketing expenses. In addition to the requirement of Board approval, now these expenses to be paid to AMC on reimbursement basis and subject to approval of the Trustee.

In pursuance of the above, the Fund has charged selling and marketing expenses 0.85% of daily Net Assets Value of the Fund w.e.f March 07, 2022.

		2022	2021
	Note	----- Rupees in '000 -----	
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	10.1	130	144
Sindh Sales Tax on remuneration of the Trustee	10.2	17	19
		<u>147</u>	<u>163</u>

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

This amount represents the Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.075% per annum of net assets.

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

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 11.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as ""shariah compliant"" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan (SECP).

The fund has charged SECP fee at the rate of 0.02% per annum of the average annual net assets during the year (2021: 0.02% per annum of the average annual net assets). The fee is paid annually in arrears.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
		Rupees in '000	
Auditors' remuneration		597	562
Provision for Sindh Workers' Welfare Fund	12.1	-	22,002
Federal Excise Duty	12.2	3,955	3,955
Settlement charges		19	10
Withholding tax		20,222	17,402
Capital gain tax		1,575	2,056
Legal and professional charges		203	716
Bank charges		41	17
Brokerage charges		19	17
Printing charges		89	44
Shariah advisor fee		348	419
Others		1,106	404
		28,174	47,604

12.1 PROVISION FOR WORKERS' WELFARE FUND AND SINDH WORKERS' WELFARE FUND

During the year ended June 30, 2022, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF on August 13, 2021, recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021.

Provisioning against Sindh Workers' Welfare Fund by NBP Islamic Savings Fund amounting to Rs. 22.29 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 Savings Fund by 1.04% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

- 12.2 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 Fund Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

"However, since the appeal is pending in Supreme Court of Pakistan, the Management Company, being prudent, is carrying provision for FED aggregating to Rs. 3.955 million as at June 30, 2022.

Had the provision not being made, the net asset value per unit as at June 30, 2022 would have been higher by Re. 0.0205 per unit (2021: Re. 0.0175 per unit)."

13 PAYABLE AGAINST REDEMPTION OF UNITS

This includes amounts payable to other collective investment schemes being managed by the Management Company of the Fund. These amounts are payable 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 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021 other than those already disclosed in respective notes to the financial statements.

15 AUDITORS' REMUNERATION

	2022	2021
	----- Rupees in '000 -----	
Annual audit fee	400	400
Half yearly review fee	165	165
Out of pocket expenses	131	130
	<u>696</u>	<u>695</u>

16 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund has distributed such accounting income for the year ended June 30, 2022 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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

- 16.1 In assessment for Tax Year 2018 in respect of NBP Islamic Saving Fund, the said exemption has been denied by The Additional Commissioner – Audit (AC), on the ground that the amount paid as income on units redeemed by investors during the tax year cannot be treated as distribution of income as per criteria envisaged under Clause 99 of Part 1 of the Second Schedule of the Ordinance and AC due to commented that the distribution by the Fund fell short of 90% distribution threshold.

Last year income tax order was passed for tax year 2018 dated November 12, 2020 through which a tax demand of Rs. 64,268,100 was raised by the concern Additional Commissioner Inland Revenue (ACIR) of Federal Board of Revenue (FBR). In response to the order, the Fund filed appeal with commissioner dated December 9, 2020.

The Fund also obtained stay from the Hon'ble High Court of Sindh (SHC) dated December 14, 2020 against recovery of impugned tax demand. In its judgement, SHC held that since the subject matter is pending before commissioner appeal inland revenue, the recovery of impugned demand would not be enforced till the final decision of appeal.

Further, the issue of distribution of income was also being contested by MUFAP on behalf of the mutual funds industry at various regulatory and Government levels and were very hopeful that the matter will be resolved soon as the matter had merely arisen due to incorrect interpretation by the relevant commissioners as to what construes as distribution of profit by an open end mutual fund. Further, we have been given to understand by management that SECP agrees with MUFAPs interpretation and is also actively following up with FBR to resolve the matter at the earliest.

The Management Company also filed representation to the Chairman FBR under section 7 of FBR, ACT, 2007, in response to which a letter dated February 25, 2021 was issued by Revenue Division of FBR which states

that the subject matter was referred to ICMAP, ICAP and SECP for their expert opinion and all three referees expressed identical opinions, holding that the payments of income on redemption were to be construed as 'distribution of profits'. In view of the same, FBR advised concerned ACIR to decide the issue in view of the legal position narrated in this letter.

During the current year, the ACIR disposed off the aforementioned appeal by passing the order of being annulled as on October 14, 2021.

- 16.2** On the same above basis of note 13, show cause notice was issued to the Fund on July 8, 2020 for the tax year 2016. Subsequently, during the period ended December 31, 2021, the concerned Additional Commissioner passed the order dated November 16, 2021 demanding tax payable of Rs. 40,750,720. In response, the fund filed appeal with Commissioner Inland Revenue Appeals (CIRA) on December 11, 2021. Meanwhile the Fund has obtained the stay order against recovery of impugned tax demand till February 27, 2022.

During the current year, the case has been disposed off, stating that the fund's distribution of income is more than 90% availing exemption shall be considered and the appeal SUCCEEDS on this issue, dated May 30, 2022.

17 EARNINGS PER UNIT

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

18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 1.91% (2021: 1.70%) which includes 0.12% (2021: 0.21%) representing government levies on the fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% as prescribed under the NBFC Regulations for a collective investment scheme categorized as "Shariah compliant income scheme".

19 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 categorize funds under their management on the basis of criteria laid down in the Circular. The Board has approved the category of the fund as 'income scheme'.

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

Following is the detail of non-compliant investments :

Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	% of net assets	% of gross assets
New Allied Electronics Industries (Private) Limited - Sukuk 1	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009	Sukuks (6.2)	110,000	(110,000)	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk 2	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of Circular 7 of 2009	Sukuks (6.2)	4,905	(4,905)	-	-	-
Total carrying value			<u>114,905</u>	<u>(114,905)</u>			

- 19.1 At the time of purchase, these sukuk were in compliance with the aforementioned Circular. However, they either subsequently defaulted or were downgraded to non investment grade.

20	2022	2021
NUMBER OF UNITS IN ISSUE	----- No of Units -----	
Total units in issue at the beginning of the year	225,882,827	416,273,709
Add: units issued during the year	212,443,345	177,054,094
Less: units redeemed during the year	<u>(245,102,223)</u>	<u>(367,444,976)</u>
Total units in issue at the end of the year	<u>193,223,949</u>	<u>225,882,827</u>

21 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.

22 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

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

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

22.3 Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and Trust Deed respectively.

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

22.5 Details of transactions with connected persons are as follows:

	2022	2021
	----- Rupees in '000 -----	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	14,735	14,966
Sindh Sales Tax on Management Company's remuneration	1,916	1,946
Reimbursement of operational expenses	2,682	3,402
Sales and Transfer Load	3,819	3,517
Reimbursement of selling and marketing expenses	16,710	20,651
Units issued / transferred in: 265,753 units (2021: Nil units)	2,620	-
Unit redeemed / transferred out units: 135,088 units (2021: Nil units)	1,393	-
Dividend re-invest: 2,074 units (2021: Nil units)	20	-
ADC Charges and Sindh Sales Tax on ADC charges	403	273
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,609	2,219
Sindh Sales Tax on Remuneration of the Trustee	209	288
Employees of the Management Company		
Units issued / transferred in: 965,482 units (2021: 1,454,101 units)	9,679	14,330
Unit redeemed / transferred out units: 1,010,423 units (2021: 3,377,726 units)	10,247	33,046
Dividend re-invest: 37,163 units (2021: 21,557 units)	355	206

	2022	2021
	----- Rupees in '000 -----	
Chief Financial Officer of the Management Company		
Unit redeemed / transferred out units: 6,158 units (2021: Nil units)	60	-
Dividend re-invest: Nil units (2021: 281 units)	-	3
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Profit on savings accounts	14,563	21,873
Purchase of term deposit receipt	1,266,929	4,254,500
Profit on Term deposit receipt	9,562	27,559
Hub Power Company (Common Directorship with the Management Company)*		
Purchase of sukuk	-	75,000
Profit on sukuk	-	1,025
Pakistan Stock Exchange (Common Directorship with the Management Company)*		
Payment of listing fee	-	25
NBP Islamic Income Fund (Fund managed by Management Company)		
Sale of Sukuk	-	38,472
NBP Islamic Mahana Amdani Fund (Fund managed by Management Company)		
Sale of Commercial Paper	-	189,450
Portfolio Managed by NBP Funds		
Unit redeemed / transferred out Nil units (2021:1,495,228 units)	-	14,589
Units issued / transferred in Nil units (2021:410,093 units)	-	4,081
22.6 Amounts outstanding as at the year end		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	1,897	971
Sindh Sales Tax payable on remuneration of the Management Company	247	126
Reimbursement of operational expenses	662	746
Sales load	867	398
Sindh Sales Tax and Federal Excise Duty on sales load	734	707
ADC charges and Sindh Sales Tax on ADC charges	227	108
Reimbursement of selling and marketing expenses	4,503	4,179
Investment held in the fund: 133,830 units (2021: Nil units)	1,278	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	130	144
Sindh Sales tax Remuneration payable	17	19
Security deposit	100	100
Settlement charges	19	10

	2022	2021
	----- Rupees in '000 -----	
National Bank of Pakistan - Parent of the Management Company		
Bank balances	2,351	767
Profit receivable	4	4
Employees of the Management Company		
Investment held in the Fund: 526,758 units (2021: 514,379 units)	5,031	4,907
Chief Financial Officer of the Management Company		
Investment held in the Fund: Nil units (2021: 6,158 units)	-	59
BankIslami Pakistan Limited (Common Directorship with the Management Company)		
Balance in savings accounts	19,052	3,613
Term deposit receipt	-	300,000
Profit receivable on Bank Deposit	104	70
Profit receivable on Term Deposit	-	60

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

23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

23.1 Mr. Salman Ahmed is the manager of The Fund. Other funds being managed by the Fund manager are as follows:

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

24 PATTERN OF UNIT HOLDING

Category	As at June 30, 2022		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)			
Individuals	4,588	1,320,425	71.55%
Associated Companies and Directors	2	1,278	0.07%
Insurance Companies	1	48,285	2.62%
Retirement Funds	19	218,277	11.83%
Public Limited Companies	1	85	0.00%
Others	38	257,142	13.93%
	4,649	1,845,492	100%

Category	As at June 30, 2021		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)			
Individuals	4,531	1,545,524	71.72%
Associated Companies and Directors	1	10	0.00%
Insurance Companies	2	225,040	10.44%
Retirement Funds	18	128,180	5.95%
Public Limited Companies	2	140	0.01%
Others	37	256,045	11.88%
	4,591	2,154,939	100%

25 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	-	-

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

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

26 FINANCIAL INSTRUMENTS BY CATEGORY

	At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000-----			
June 30, 2022			
Financial Assets			
Balances with banks	-	1,309,827	1,309,827
Investments	548,554	-	548,554
Profit accrued	-	34,102	34,102
Deposits	-	100	100
	548,554	1,344,029	1,892,583
Financial Liabilities			
Payable to the Management Company	-	1,897	1,897
Payable to Trustee	-	130	130
Accrued expenses and other liabilities	-	2,422	2,422
Payable against redemption of units		10,692	10,692
	-	15,141	15,141
-----Rupees in '000-----			
June 30, 2021			
Financial Assets			
Balances with banks	-	1,095,575	1,095,575
Investments	1,093,060	-	1,093,060
Profit accrued	-	20,636	20,636
Deposits	-	100	100
Receivable against conversion of units	-	-	-
	1,093,060	1,116,311	2,209,371
Financial Liabilities			
Payable to the Management Company	-	971	971
Payable to Trustee	-	144	144
Accrued expenses and other liabilities	-	2,189	2,189
Payable against redemption of units	-	305	305
	-	3,609	3,609

27 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management has Company has overall responsibility for the establishment and oversight of the Funds risk management Policies. The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

27.1 Market risk

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

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

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

27.1.1 Currency risk

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

27.1.2 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.

- Sensitivity analysis for variable rate instruments

As at June 30, 2022, the Fund holds KIBOR based interest bearing sukuks and balance in savings accounts exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.12.98 Million (2021: Rs. 10.77 million).

- Sensitivity analysis for fixed rate instruments

The Fund holds term deposits receipts, certificate of musharka and commercial papers that exposes 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/lower by Rs. 0.763 Million (2021: Rs.1.308 Million).

Yield / Interest rate	Total	Exposed to yield / interest rate risk	Not exposed to yield / interest rate risk
		Upto three months	
%	-----	Rupees in '000	-----

June 30, 2022

On-balance sheet financial instruments

Financial assets

Bank balances	6.5 - 16	1,309,827	1,297,818	12,009
Investments	11.61-15.0	548,554	548,554	-
Profit Accrued		34,102	-	34,102
Deposits		100	-	100
		1,892,583	1,846,372	46,211

Financial liabilities

Payable to the Management Company		9,137	-	9,137
Payable to the Trustee		147	-	147
Accrued expenses and other liabilities		28,174	-	28,174
Payable against redemption of units		10,692	-	10,692
Net assets attributable to redeemable units		1,845,493	1,845,493	1,845,493

		1,893,643	-	1,893,643
On-balance sheet gap		(1,060)	1,846,372	(1,847,432)
Off-balance sheet financial instruments		-	-	-
Off-balance sheet gap		-	-	-

Yield / Interest rate	Total	Exposed to yield / interest rate risk	Not exposed to yield / interest rate risk
		Upto three months	
%	Rupees in '000		

June 30, 2021

On-balance sheet financial instruments

Financial assets

Bank balances	4.50 - 7.40	1,095,575	1,077,202	18,373
Investments	7.25 - 8.75	1,093,060	1,093,060	-
Markup Accrued		20,636	-	20,636
Deposits		100	-	100
Receivable against conversion of units		-	-	-
		2,209,371	2,170,262	39,109

Financial liabilities

Payable to the Management Company		7,235	-	7,235
Payable to the Trustee		163	-	163
Accrued expenses and other liabilities		47,604	-	47,604
Payable against redemption of units		305	-	305
Net assets attributable to redeemable units		2,154,939	-	2,154,939
		2,210,246	-	2,210,246

On-balance sheet gap		(875)	2,170,262	(2,171,137)
Off-balance sheet financial instruments		-	-	-
Off-balance sheet gap		-	-	-

27.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all instruments traded in the market. Presently, the Fund is not exposed to price risk.

27.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities. The Fund is also exposed to counter party credit risks on loans and receivables, balances with banks, profit receivable, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the Fund's policy is to enter into financial instrument contracts following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

The analysis below summarises the credit quality of the Fund's financial assets:

Name of the Bank	Rating	June 30, 2022	June 30, 2021
Bank Al Habib Limited National Bank of Pakistan Habib Bank Limited Meezan Bank Limited Allied Bank Limited United Bank Limited MCB Bank Limited	AAA	17.88%	98.08%
Habib Metropolitan Bank Limited Bank Al Falah Limited	AA+	0.00%	0.01%
Dubai Islamic Bank Pakistan Limited Faysal Bank Limited	AA	30.59%	0.08%
Soneri Bank Limited Js Bank Limited	AA-	0.77%	0.82%
Al Baraka Islamic Bank Limited Bankislami Pakistan Limited	A+	50.74%	0.78%
Silk Bank Limited	A-	0.02%	0.00%

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

	June 30, 2022		June 30, 2021	
	Amount of financial assets	Maximum Exposure	Amount of financial assets	Maximum Exposure
----- Rupees in '000 -----				
Balances with banks	1,309,827	1,309,827	1,095,575	1,095,575
Investments	548,554	548,554	1,093,060	1,093,060
Profit accrued	34,102	34,102	20,636	20,636
Receivable against transfer of units	-	-	-	-
Deposits	100	100	100	100
	1,892,583	1,892,583	2,209,371	2,209,371

Concentration of credit risk

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

27.3 Liquidity risk

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

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

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to 15% of the net assets up to 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below 10% 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.

	Total	Up to three months	Over three months and up to one year	Over one year
----- Rupees in '000 -----				
June 30, 2022				
Financial liabilities				
Payable to the Management Company	9,137	9,137	-	-
Payable to the Trustee	147	147	-	-
Accrued expenses and other liabilities	2,422	2,422	-	-
Payable against redemption of units	20,660	20,660	-	-
Net assets attributable to redeemable units	1,845,493	1,845,493	-	-
	1,877,859	1,877,859	-	-
----- Rupees in '000 -----				
June 30, 2021				
Financial liabilities				
Payable to the Management Company	7,235	7,235	-	-
Payable to the Trustee	163	163	-	-
Accrued expenses and other liabilities	2,189	2,189	-	-
Payable against redemption of units	20,660	20,660	-	-
Net assets attributable to redeemable units	2,154,939	2,154,939	-	-
	2,185,186	2,185,186	-	-

28 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies stated in note 28, the Fund endeavors to invest the amount received on issuance of units in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by disposal of investments where necessary.

29 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.

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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

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

	Note	Carrying amount			Fair value			
		Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2022		Rupees in '000						
Financial assets measured at fair value								
Sukuk's	6	175,000	-	175,000	-	175,000	-	175,000
Commercial paper	6	49,816	-	49,816	-	49,816	-	49,816
Term deposit receipt		-	-	-	-	-	-	-
Certificate of Musharka	6	323,738	-	323,738	-	323,738	-	323,738
		<u>548,554</u>	<u>-</u>	<u>548,554</u>	<u>-</u>	<u>548,554</u>	<u>-</u>	<u>548,554</u>
Financial assets not measured at fair value								
Bank balances	5	-	1,309,827	1,309,827	-	-	-	-
Profit accrued	7	-	34,102	34,102	-	-	-	-
Deposits	8	-	100	100	-	-	-	-
		<u>-</u>	<u>1,344,029</u>	<u>1,344,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to the Management Company	9	-	9,137	9,137	-	-	-	-
Remuneration payable to the Trustee	10	-	147	147	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	11	-	429	429	-	-	-	-
Accrued expenses and other liabilities	12	-	28,174	28,174	-	-	-	-
Payable against redemption of units		-	10,692	10,692	-	-	-	-
Net assets attributable to redeemable units		-	1,845,493	1,845,493	-	-	-	-
		<u>-</u>	<u>1,894,072</u>	<u>1,894,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2021		Rupees in '000						
Financial assets measured at fair value								
Sukuk's	6	75,000	-	75,000	-	75,000	-	75,000
Commercial paper	6	358,060	-	358,060	-	358,060	-	358,060
Term deposit receipt	6	300,000	-	300,000	-	300,000	-	300,000
Bai Muajjal		-	-	-	-	-	-	-
Certificate of Musharka		360,000	-	360,000	-	360,000	-	360,000
		<u>1,093,060</u>	<u>-</u>	<u>1,093,060</u>	<u>-</u>	<u>1,093,060</u>	<u>-</u>	<u>1,093,060</u>
Financial assets not measured at fair value								
Bank balances	5	-	1,095,575	1,095,575	-	-	-	-
Profit accrued	7	-	20,636	20,636	-	-	-	-
Deposits	8	-	100	100	-	-	-	-
Receivable against conversion of units		-	-	-	-	-	-	-
		<u>-</u>	<u>1,116,311</u>	<u>1,116,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Payable to the Management Company	9	-	7,235	7,235	-	-	-	-
Remuneration payable to the Trustee	10	-	163	163	-	-	-	-
Payable to the Securities and Exchange Commission of Pakistan	11	-	592	592	-	-	-	-
Accrued expenses and other liabilities	12	-	47,604	47,604	-	-	-	-
Payable against redemption of units		-	305	305	-	-	-	-
Net assets attributable to redeemable units		-	2,154,939	2,154,939	-	-	-	-
		<u>-</u>	<u>2,210,838</u>	<u>2,210,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 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.

31 GENERAL

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2022	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017
Net assets at the year / period ended (Rs '000)	1,845,492	2,154,939	3,967,650	3,642,370	3,775,315	4,876,177
Net income for the year / period ended (Rs '000)	188,731	164,702	329,260	245,784	214,227	81,561
Net Asset Value per unit at the year / period ended (Rs)	9.5511	9.5401	9.5313	9.5226	9.9920	9.5103
Offer Price per unit	9.6557	9.6464	9.6390	9.6272	10.1049	9.6178
Redemption Price per unit	9.5511	9.5401	9.5313	9.5226	9.9920	9.5103
Ex - Highest offer price per unit (Rs.)	10.5246	10.1810	9.6390	9.6272	10.1049	10.0838
Ex - Lowest offer price per unit (Rs.)	8.8442	9.1274	8.5939	8.8782	9.6190	9.5942
Ex - Highest redemption price per unit (Rs.)	9.5511	9.5401	9.5313	9.5226	9.9920	9.9711
Ex - Lowest redemption price per unit (Rs.)	8.7468	9.0254	8.5939	8.7763	9.5048	9.4870
Fiscal Year Opening Ex NAV	8.7	9.0	8.5913	8.7720	9.5036	9.4856
Total return of the fund	9.21%	5.72%	10.91%	8.56%	5.14%	5.40%
Capital growth	0.13%	0.10%	0.07%	0.22%	0.00%	5.33%
Income distribution as % of Ex-NAV	9.09%	5.62%	10.84%	8.34%	5.14%	0.07%
Income distribution as % of Par Value	8.67%	5.36%	10.32%	7.93%	4.88%	0.07%
Distribution						
Interim distribution per unit	0.8669	0.5359	1.0323			0.4855
Final distribution per unit				0.7927	0.4883	0.0068
Distribution Dates						
Interim	29-Jun-22	25-Jun-21	26-Jun-20	24-June-2019		19-Jun-17
Final					04-Jul-2018	15-Sep-17
Average annual return of the fund (launch date October 26, 2007)						
(Since inception to June 30, 2022)	7.09%					
(Since inception to June 30, 2021)		6.94%				
(Since inception to June 30, 2020)			7%			
(Since inception to June 30, 2019)				6.71%		
(Since inception to June 30, 2018)					6.53%	
(Since inception to June 30, 2017)						6.7%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	12 Days	28 Days	27 Days	20 Days	60 Days	83 Days

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

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