



Islamic Savings

اسلامک سیونگ

NBP Fund Management Limited



# NBP ISLAMIC STOCK FUND

ANNUAL REPORT  
2022

AM1  
Rated by PACRA

## MISSION STATEMENT

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

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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

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

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource Committee

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

### Strategy & Business Planning Committee

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

### Trustee

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

### Bankers to the Fund

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

## **Auditors**

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

## **Legal Advisor**

Akhund Forbes  
D-21, Block, 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  
Phone: 051-2514987  
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



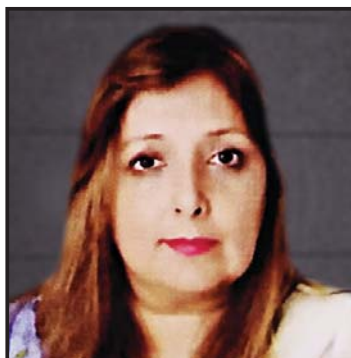
**Mr. Tauqeer Mazhar**  
Director



**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 Limited is pleased to present the Seventh Annual Report of **NBP Islamic Stock Fund** (NISF) for the year ended June 30, 2022.

### Fund's Performance

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

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

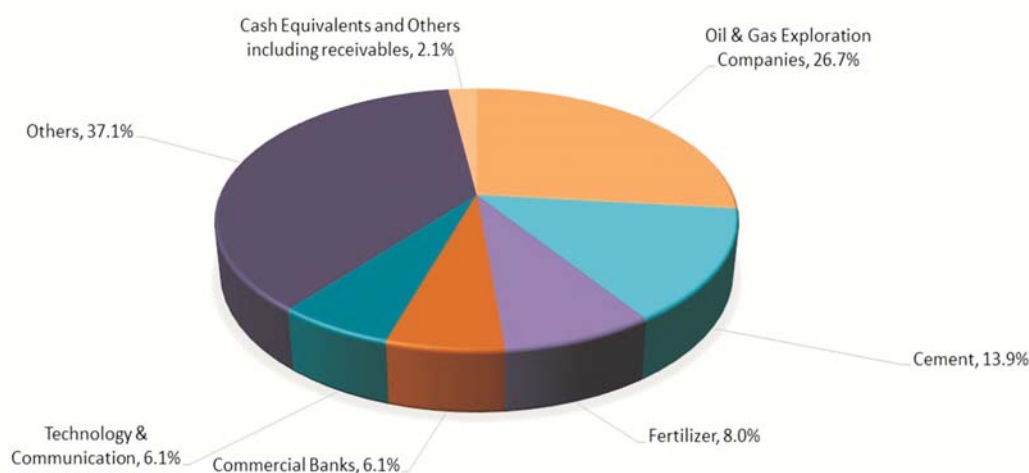
In terms of sector wise performance, Auto Assemblers, Chemicals, Commercial Banks, Fertilizers, Oil & Gas Exploration, and Power Generation & Distribution sectors outperformed the market. On the other hand, Auto Parts & Acc., Cable & Electrical Goods, Cements, Engineering, Food & Personal Care, Insurance,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

During the fiscal year, NBP Islamic Stock Fund decreased by 16.7% as against the KMI-30 index decreased by 10.3%, underperforming the benchmark by 6.4% during the year. The Fund was underperformed during the year was because the Fund was overweight in key stocks in Cement, Engineering, Textile Composite, Automobile Parts & Accessories and Glass & Ceramics sectors that underperformed the market and was underweight in key stocks in Fertilizer, Oil & Gas Exploration Companies, Automobile Assembler, and Technology & Communication Companies, sectors that outperformed the market. Since the inception of the Fund, the return on NBP Islamic Stock Fund was 36.9% as against the Benchmark KMI-30 index return of 31.1%. Thus, the Fund outperformed by 5.8% during the period. This outperformance is net of management fee and all other expenses. The Fund size is 5,188 million as of June 30, 2022

NBP Islamic Stock Fund has incurred a loss of Rs. 815.93 million during the year. After incurring total expenses of Rs. 285.85 million, the total loss is Rs. 1,101.78 million. During the year, the unit price of NBP Islamic Stock Fund has decreased from Rs. 12.7350 (Ex-Div) on June 30, 2021 to Rs. 10.6059 on June 30, 2022. The resultant per unit loss is Rs. 2.1291 (-16.72%).



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



## Income Distribution

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

## Taxation

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

## Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Stock Fund amounting to Rs. 83.10 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 Stock Fund by 1.06% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## Auditors

The present auditors, Messrs Yousuf Adil Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2023.

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

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

8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 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 19 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2022, the Board included:

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

## Acknowledgement

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

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

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

**Chief Executive Officer**

**Director**

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

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز این بی پی اسلامک اسٹاک فنڈ کی ساتویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2022 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### فنڈ کی کارکردگی

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

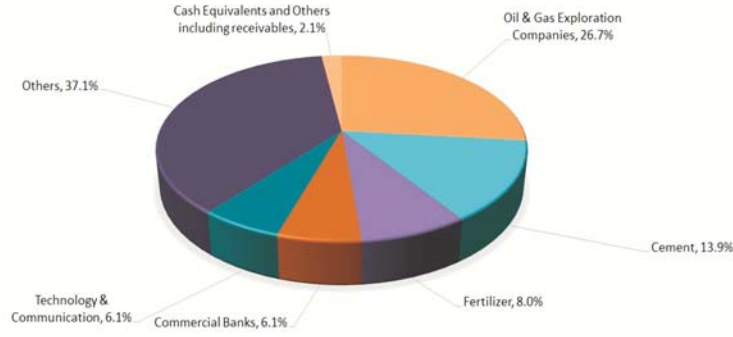
لسٹڈ کمپنیوں کے مستحکم کارپوریٹ منافع کے باوجود ایکویٹی مارکیٹ کی کارکردگی ناقص رہی، جو کہ مالی سال 22 کی پہلی تین ماہوں میں 25 فیصد رہی اور سہولتوں کے نفاذ کے بعد نمودار ہندسوں میں رہنے کی توقع ہے۔ سرمایہ کاروں کی توجہ بیرونی اعداد پر مرکوز رہی، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) جو مالی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

شعبہ جات کارکردگی کے لحاظ سے، آٹو اسمبلرز، کیمیکلز، کمرشل بینک، فریلا نر، آئل اینڈ گیس ایکسپلوریشن، اور پاور جنریشن اور ڈسٹری بیوٹن سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری طرف، آٹو پارٹس اینڈ ایکسییریوز، کیبل اور الیکٹریکل سامان، سینٹ، انجینئرنگ، خوراک اینڈ ڈیٹا ٹیکنالوجی، انشورنس، آئل اینڈ گیس مارکیٹنگ، فارماسیوٹیکل، ریفائنری اور ٹیکنالوجی کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی اور میوچل فنڈز با ترتیب 298 ملین امریکی ڈالر اور 128 ملین امریکی ڈالر کے اخراج کے ساتھ سب سے زیادہ خالص فروخت کنندگان رہے۔ اس کے برعکس، افراد اور پینک/DFIs نے اپنے خالص ہولڈنگز میں با ترتیب 157 ملین امریکی ڈالر اور 115 ملین امریکی ڈالر کا اضافہ کیا۔

مالی سال کے دوران، NBP اسلامک اسٹاک فنڈ میں KMI-30 انڈیکس کی 10.3% کمی کے مقابلے میں 16.7% کم ہوا، لہذا اس سال کے دوران بیچ مارک 6.4% کی ایتر کارکردگی دکھائی۔ نے سال کے دوران ایتر کارکردگی کا مظاہرہ کیا کیونکہ فنڈ نے سینٹ، انجینئرنگ، ٹیکسٹائل کمپوزٹ، کیبل اور الیکٹریکل گڈز اور شیشے اور سیرامکس کے شعبوں میں اہم اسٹاک کو زیادہ اہمیت دی جنہوں نے مارکیٹ میں ایتر کارکردگی کا مظاہرہ کیا اور فریلا نر، آئل اینڈ گیس ایکسپلوریشن کمپنیوں، ٹیکنالوجی اور کیونیکیشن، کمرشل بینک، اور ریفائنری کمپنیاں، وہ شعبے ہیں جنہوں نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا، ان کے اہم اسٹاک کو کم اہمیت دی گئی۔ جس کے باعث کارکردگی ایتر رہی۔ فنڈ کے آغاز کے بعد سے NBP اسلامک اسٹاک فنڈ 31.1% کے بیچ مارک KMI-30 انڈیکس منافع کے مقابلے میں 36.9% تھا، لہذا فنڈ نے اسی مدت کے دوران 5.8% کی بہتر کارکردگی دکھائی۔ یہ بہتر کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2022 کو فنڈ کا سائز 5,188 ملین روپے ہے۔

NBP اسلامک اسٹاک فنڈ (NISF) کو اس مدت کے دوران 815.93 ملین روپے کا مجموعی نقصان ہوا۔ 285.85 ملین روپے کے اخراجات متہا کرنے کے بعد خالص نقصان 1,101.78 ملین روپے ہے۔ سال کے دوران، NBP اسلامک اسٹاک فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 12.7350 روپے (Ex-Div) سے کم ہو کر 30 جون 2022 کو 10.6059 روپے ہو گئی۔ جس کے نتیجے میں فی یونٹ نقصان 2.1291 روپے (16.72%) ہے۔

30 جون 2022 کو NBP اسلامک اسٹاک فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



## آمدنی کی تقسیم

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

## ٹیکسیشن

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

## سندھ ورکرز ویلفیئر فنڈ (SWWF)

13 اگست 2021 کو NBP اسلامک اسٹاک فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروویڈنگ کے بعد مر اسلڈ نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ کلیئر ٹیکسیشن کے بعد ریکارڈ کی گئی 83.10 ملین روپے کی پروویڈنگ ریورس کر دی گئی۔ پروویڈنگ کی اس واپسی کے باعث 13 اگست 2021 کو NBP اسلامک اسٹاک فنڈ کی NAV میں 1.06% کا غیر معمولی اضافہ ہوا ہے۔ یہ ایک ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

## آڈیٹرز

موجودہ آڈیٹر، میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بنا پر خود کو 30 جون 2023 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔

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

1. مینجمنٹ کمیٹی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شریاتی تحیثیئے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمیٹی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کی گئی ہے۔

- 11 پونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 18 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2022 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

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

## اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ مینجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 27 ستمبر 2022ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

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

NBP Islamic Stock Fund is a Shariah Compliant - Open-end - Equity Fund

### Investment Objective of the Fund

The objective of NBP Islamic Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in Shariah Compliant listed companies in Pakistan.

### Benchmark

The Benchmark of the Fund is KMI-30 Index.

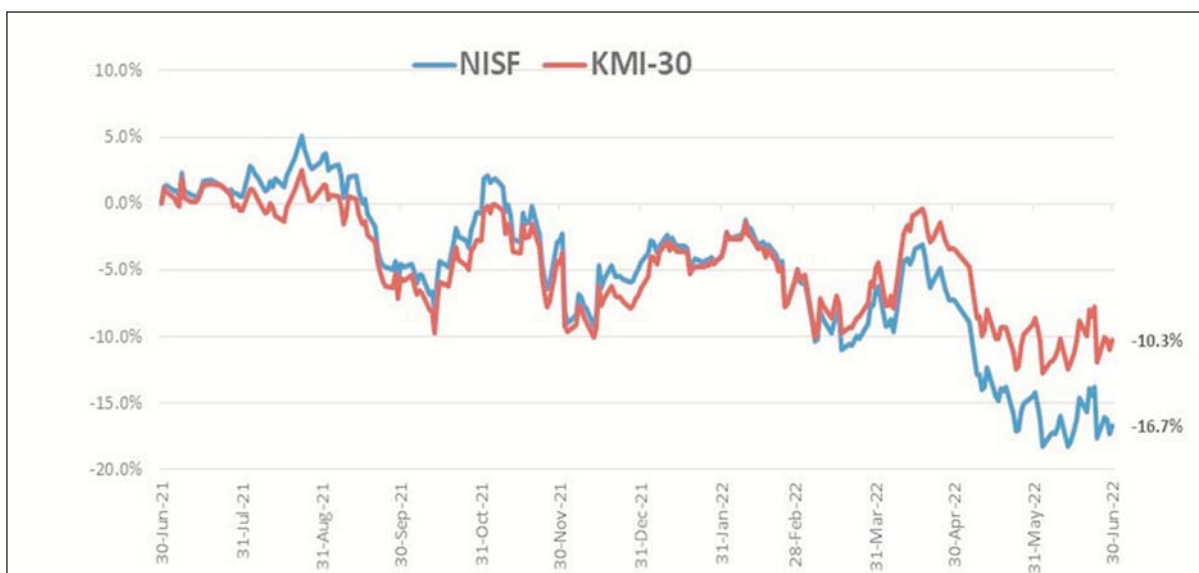
### Fund performance review

This is the eighth annual report of the Fund. During the fiscal year, NBP Islamic Stock Fund decreased by 16.7% as against the KMI-30 index decreased by 10.3%, underperforming the benchmark by 6.4% during the year. Since the inception of the Fund, the return on NBP Islamic Stock Fund was 36.9% as against the Benchmark KMI-30 index return of 31.1%. Thus, the Fund outperformed by 5.8% during the period. This outperformance is net of management fee and all other expenses. The size of NBP Islamic Stock Fund is Rs. 5,188 million as of June 30, 2022.

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

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

**NISF Performance vs. Benchmark during FY22**



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

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

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

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

Particulars	30-Jun-22	30-Jun-21
Equities / Stocks	97.9%	94.2%
Cash Equivalents	2.8%	7.0%
Other Net Liabilities	(0.7%)	(1.2%)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

#### Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	157
1-1000	1,099
1001-5000	503
5001-10000	338
10001-50000	710
50001-100000	247
100001-500000	289
500001-1000000	31
1000001-5000000	33
5000001-10000000	6
10000001-100000000	9
<b>Total</b>	<b>3,422</b>



## During the period under question

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

## Sindh Workers' Welfare Fund (SWWF)

On August 13, 2021, provisioning against Sindh Workers' Welfare Fund by NBP Islamic Stock Fund amounting to Rs. 83.10 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 Stock Fund by 1.06% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

## STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

**NBP Islamic Stock 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 Eighth year of operations of NBP Islamic Stock Fund (NISF). This report is being issued in accordance with clause 3.7.1 of the offering document of the Fund. The scope of the report is to express an opinion on the Shari'ah Compliance of the Fund's activity.

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

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

- i. We have reviewed and approved the modes of equity investments of NISF in light of Shari'ah requirements. Following is a list of top investments of NISF as on June 30, 2022 and their evaluation according to the screening criteria established by us. (December 31, 2021 accounts of the Investee companies have been used)

Company Name	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Mari Petroleum Co. Limited	Oil & Gas Exploration Companies.	0.45%	14.42%	2.86%	49.63%	312.41	1654.23
Oil & Gas Development Company Limited *	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37	86.2
Engro Corporation Limited	Fertilizer	34.95%	20.92%	3.32%	57.41%	(220.62)	
Pakistan Petroleum Limited *	Oil & Gas Exploration Companies.	0.00%	16.70%	2.53%	26.13%	96.98	79.04
Lucky Cement Limited	Cement	29.13%	2.90%	3.05%	86.58%	(597.57)	
Meezan Bank Limited	Commercial Bank	0.00%	0.00%	0.00%	77.70%	(855.51)	

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

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

- iii. There are investments made by NISF where Investee companies have earned a part of their income from non-compliant sources (e.g. interest income received on bank deposits and etc). In such cases, the management company has been directed to set aside such proportion of the income from Investee companies as charity in order to purify the earnings of the Fund.

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

During the year, fund booked charity of amounting PKR 10,736,315/- wherein amount available for disbursement is PKR 10,539,492/-, which is inclusive of PKR 4,872,787 /- provisional amount of previous year adjusted after availability of the respective financial statements.

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

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

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

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

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

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the unit holders of NBP Islamic Stock Fund

Report on the audit of the financial statements

### Opinion

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

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

### Basis for opinion

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

### Key audit matter

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

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment</b></p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in Equity Securities which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>Obtained an understanding of relevant controls placed by the Management Company applicable to the balance;</li> <li>Independently verified existence of investments from Central Depository Company (CDC) account Statement, Investment Portfolio Services (IPS), bank confirmations and other relevant documents;</li> <li>Performed test of details on sale, purchase and maturity of investments on a sample basis by inspecting deal tickets, counterparty confirmation, broker confirmation and bank statements; and</li> </ul>

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

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

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

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

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

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

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

### **Report on other legal and regulatory requirements**

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

### **Other matter**

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

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

**Yousuf Adil**  
**Chartered Accountants**

Place: Karachi  
Date: September 28, 2022

UDIN: AR202210091BkVvzEY0X

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

	Note	2022 ----- (Rupees in '000) -----	2021
<b>Assets</b>			
Bank balances	5	143,804	576,948
Investments	6	5,078,506	7,726,093
Dividend and profit receivable	7	3,491	2,259
Receivable from funds under management by Management Company against conversion of units		1,152	8,425
Receivable against sale of investments		32,483	16,400
Advances, deposits and prepayment	8	7,256	66,108
<b>Total assets</b>		<b>5,266,692</b>	<b>8,396,233</b>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	9	39,131	57,086
Payable to Central Depository Company of Pakistan Limited - Trustee	10	584	861
Payable to Securities and Exchange Commission of Pakistan	11	1,342	1,366
Payable against conversion and redemption of units		7,345	13,215
Accrued expenses and other liabilities	12	30,246	120,483
<b>Total liabilities</b>		<b>78,648</b>	<b>193,011</b>
<b>Net assets</b>		<b>5,188,044</b>	<b>8,203,222</b>
<b>Unitholders' fund (as per statement attached)</b>		<b>5,188,044</b>	<b>8,203,222</b>
<b>Contingency and commitment</b>	13		
		(Number of units)	
<b>Number of units in issue</b>	14	489,165,605	644,148,443
		(Rupees)	
<b>Net assets value per unit</b>		<b>10.6059</b>	<b>12.7350</b>

The annexed notes 1 to 27 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



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

	2022	2021
Note	----- (Rupees in '000) -----	-----
<b>Income</b>		
Dividend income	396,196	291,690
(Loss) / Gain on sale of investments at fair value through profit or loss (FVTPL) - net	(95,684)	556,530
Profit on bank deposits	16,093	18,419
Net unrealised (diminution) / appreciation on re-measurement of investments at FVTPL	6.2 (1,213,529)	1,250,165
<b>Total (loss) / income</b>	<b>(896,924)</b>	<b>2,116,804</b>
<b>Expenses</b>		
Remuneration to NBP Fund Management Limited - Management Company	9.1 112,730	102,466
Sindh Sales Tax on remuneration to Management Company	9.2 14,655	13,321
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1 7,710	7,831
Sindh Sales Tax on remuneration to Trustee	10.2 1,002	1,018
Reimbursement of Selling and marketing expenses	9.3 124,582	125,488
Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4 13,143	9,291
Annual fee - Securities and Exchange Commission of Pakistan	1,342	1,366
Securities transaction cost	7,177	14,679
Settlement and bank charges	987	1,428
Auditors' remuneration	15 758	749
Fund rating fee	280	253
Annual listing fee	28	28
Legal and professional fees	345	174
Charity expense	-	9,862
Shariah advisor fee	1,018	860
Printing charges	91	146
<b>Total expenses</b>	<b>285,848</b>	<b>288,960</b>
<b>Net (loss) / income from operating activities</b>	<b>(1,182,772)</b>	<b>1,827,844</b>
Reversal / (provision) for Sindh Workers' Welfare Fund	12.1 80,997	(36,557)
<b>Net (loss) / income for the year before taxation</b>	<b>(1,101,775)</b>	<b>1,791,287</b>
Taxation	16 -	-
<b>Net (loss) / income for the year</b>	<b>(1,101,775)</b>	<b>1,791,287</b>
<b>Allocation of net income for the year</b>		
Net income for the year	-	1,791,287
Income already paid on units redeemed	-	(928,869)
	-	<b>862,418</b>
<b>Accounting income available for distribution:</b>		
- Relating to capital gain	-	862,418
- Excluding capital gain	-	-
	-	<b>862,418</b>

The annexed notes 1 to 27 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 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
<b>Net (loss) / income for the year</b>	<b>(1,101,775)</b>	<b>1,791,287</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(1,101,775)</b>	<b>1,791,287</b>

The annexed notes 1 to 27 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		
	Value	Accumulated loss	Total	Value	Accumulated loss	Total
Note	----- (Rupees in '000) -----					
<b>Net assets at beginning of the year</b>	8,710,074	(506,852)	8,203,222	6,134,145	(1,319,274)	4,814,871
Issue of 454,429,349 units (2021: 1,111,365,419 units)						
- Capital value	5,787,164	-	5,787,164	10,517,184	-	10,517,184
- Element of (loss) / income	(284,536)	-	(284,536)	2,902,366	-	2,902,366
Total proceeds on issuance of units	5,502,628	-	5,502,628	13,419,550	-	13,419,550
Redemption of 609,412,187 units (2021: 976,013,185 units)						
- Capital value	(7,760,864)	-	(7,760,864)	(9,236,306)	-	(9,236,306)
- Element of income / (loss)	344,833	-	344,833	(1,557,941)	(928,869)	(2,486,810)
Total payments on redemption of units	(7,416,031)	-	(7,416,031)	(10,794,247)	(928,869)	(11,723,116)
Interim distribution during the year Nil (2021:Rs. 0.1619 per unit) paid on 25 June 2021						
- Cash distribution	-	-	-	-	(49,996)	(49,996)
- Refund of Capital	-	-	-	(49,374)	-	(49,374)
	-	-	-	(49,374)	(49,996)	(99,370)
Total comprehensive (loss) / income for the year	-	(1,101,775)	(1,101,775)	-	1,791,287	1,791,287
<b>Net assets at end of the year</b>	<b>6,796,671</b>	<b>(1,608,627)</b>	<b>5,188,044</b>	<b>8,710,074</b>	<b>(506,852)</b>	<b>8,203,222</b>
Accumulated loss brought forward						
- Realised		(1,757,017)			(1,267,733)	
- Unrealised		1,250,165			(51,541)	
		(506,852)			(1,319,274)	
Accounting income available for distribution						
- Relating to capital gains		-			862,418	
- Excluding capital gains		-			-	
		-			862,418	
Interim distribution during the year at Rs. 0.1619 per unit paid on 25 June 2021						
- Cash distribution		-			(49,996)	
Total comprehensive loss for the year ended 30 June 2022		(1,101,775)			-	
Accumulated loss carried forward		(1,608,627)			(506,852)	
Accumulated loss carried forward						
- Realised		(395,098)			(1,757,017)	
- Unrealised		(1,213,529)			1,250,165	
		(1,608,627)			(506,852)	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year				<u>12.7350</u>		<u>9.4633</u>
Net assets value per unit at end of the year				<u>10.6059</u>		<u>12.7350</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director

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

Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year	(1,101,775)	1,791,287
<b>Adjustments:</b>		
Net unrealised diminution / (appreciation) on re-measurement of investments at FVTPL	6.2 1,213,529	(1,250,165)
Reversal / (provision) for Sindh Workers' Welfare Fund	12.1 (80,997)	36,557
	<b>30,757</b>	<b>577,679</b>
<b>Decrease / (increase) in assets</b>		
Investments - net	1,417,975	(1,786,193)
Dividend and profit receivable	(1,232)	(1,068)
Advances, deposits and prepayment	58,852	(58,880)
	<b>1,475,595</b>	<b>(1,846,141)</b>
<b>(Decrease) / Increase in liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	(17,955)	30,651
Payable to Central Depository Company of Pakistan Limited - Trustee	(277)	320
Payable to Securities and Exchange Commission of Pakistan	(24)	452
Accrued expenses and other liabilities	(9,240)	16,441
	<b>(27,496)</b>	<b>47,864</b>
<b>Net cash generated from / (used in) operating activities</b>	<b>1,478,856</b>	<b>(1,220,598)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	5,509,901	13,395,948
Amount paid on redemption of units	(7,421,901)	(11,739,769)
Distribution paid	-	(49,996)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,912,000)</b>	<b>1,606,183</b>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	<b>(433,144)</b>	<b>385,585</b>
Cash and cash equivalents at beginning of the year	<b>576,948</b>	<b>191,363</b>
<b>Cash and cash equivalents at end of the year</b>	<b>143,804</b>	<b>576,948</b>

The annexed notes 1 to 27 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Islamic Stock Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 12 November, 2014 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of Mutual Fund Association of Pakistan (MUFAP).
- 1.3 The Fund has been categorised as an open ended "Shariah compliant equity scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at Rs. 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis on 9 January 2015 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 The objective of the Fund is to provide investors with long-term capital growth from an actively managed portfolio of shariah compliant listed equities securities. The investment objectives and policies are explained in the Fund's offering document.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an Asset Manager Rating of AM1 (30 June 2021: AM1) of Management Company and performance ranking of "5 - Star" (30 June 2021: "5-Star") to the Fund.
- 1.6 The title to the assets of the Fund is held in the name of the Central Depository Company Limited as the Trustee of the Fund.
- 1.7 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 26, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

- 2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
  - provisions of and directives issued under the Companies Act, 2017 along with the requirements of Part VIIIA of the repealed Companies Ordinance, 1984; and
  - the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations) and requirements of the Trust Deed.

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

- 2.1.2** The SECP vide SRO 800 (I)/2021 dated 22 June 2021 modified the effective date for applicability of International Financial Reporting Standard 9 - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period / year ending on or after 30 June 2022 (earlier application permitted)". As permitted, the Fund had already applied IFRS-9 during the year ended 30 June 2019 with the exception of below mentioned impairment requirements as referred in note 2.1.3 of these financial statements.
- 2.1.3** The SECP vide letter ref SCD / AMCW / RS / MUFAP / 2017-148 dated 21 November 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

## **2.2 Accounting convention**

These financial statements are prepared under the historical cost convention except for investments which are carried at fair value.

## **2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousand rupees, unless otherwise stated.

## **2.4 Use of judgments and estimates**

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the subsequent year is included in the following notes:

- (a) Valuation of investment (4.1.3);
- (b) Provisions (Note 4.3); and
- (c) Classification and impairment of financial assets (Note 4.1.2 and 4.1.7).

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

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

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

**Effective from accounting period beginning on or after:**

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

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

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

**Effective from accounting period beginning on or after:**

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

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

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

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Financial Instruments

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

#### 4.1.1 Recognition and initial measurement

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

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

#### 4.1.2 Classification - Financial assets

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

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

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

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

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

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

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

#### Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;



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

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

The Fund has determined that it has two business models.

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

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

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

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

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

#### **Reclassifications**

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

#### **4.1.3 Subsequent measurement - Financial assets**

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

The fair value of financial assets are determined as follows:

## a) Equity investments

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

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

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

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

### 4.1.5 Fair value measurement

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

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

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

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

### 4.1.6 Amortised cost measurement

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

### 4.1.7 Impairment of financial assets

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

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

### 4.1.8 Derecognition

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

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

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

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

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

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

#### **4.1.10 Derivatives**

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

#### **4.1.11 Cash and cash equivalents**

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

#### **4.2 Preliminary expenses and floatation costs**

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

#### **4.3 Provisions**

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

#### **4.4 Taxation**

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

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. The Fund intends to distribute more than ninety percent of its accounting income for the current year if there is profit available for distribution at year end to avail the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

#### 4.5 Issue and redemption of units

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

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

#### 4.6 Element of income

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

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

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the period under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the period. The income already paid (Element of Income) on redemption of units during the period are taken separately in statement of movement in unit holders' fund.

#### 4.7 Earnings per unit

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

#### 4.8 Net assets value per unit

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

#### 4.9 Income recognition

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

#### 4.10 Distribution

Distributions declared subsequent to the 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. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year/period is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year / period.

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

5	BANK BALANCES	Note	2022	2021
			----- (Rupees in '000) -----	
	In current accounts		13,367	33,591
	In savings accounts	5.1	130,437	543,357
			<u>143,804</u>	<u>576,948</u>

5.1 These accounts carry profit at rates ranging from 6.5% to 15.59% (2021: 3.75% to 6.80%) per annum.

6	INVESTMENTS	Note	2022	2021
			----- (Rupees in '000) -----	
	<b>At fair value through profit or loss</b>			
	- Listed equity securities	6.1	<u>5,078,506</u>	<u>7,726,093</u>

### 6.1 Listed equity securities

\*All shares have a nominal face value of Rs.10 each except for the shares of Agriauto Industries Limited, Habib Sugar Mills Limited, Shabbir Tiles & Ceramics Limited and Thal Limited which have face value of Rs. 5 each and K-Electric Limited which have face value of Rs. 3.5 each.

Name of the investee company	As at July 01, 2021	Purchases during the period	Bonus / Right Issue	Sales during the period	As at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of Net assets	Market value as a percentage of Total investments	Holding as a percentage of Paid up capital of the investee company
	No. of shares.....					Rupees in '000	----- % -----		
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Attock Petroleum Limited	76,950	-	-	8,800	68,150	21,897	0.42	0.43	0.07
Pakistan State Oil Company Limited	1,165,953	284,900	-	140,500	1,310,353	225,171	4.34	4.43	0.28
Hascol Petroleum Limited	1,583	-	-	-	1,583	7	0.00	0.00	0.00
Sui Northern Gas Pipelines Limited	679,799	-	-	679,799	-	-	-	-	-
	<u>1,924,285</u>	<u>284,900</u>	<u>-</u>	<u>829,099</u>	<u>1,380,086</u>	<u>247,075</u>	<u>5</u>	<u>5</u>	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>									
Pakistan Oilfields Limited	531,471	127,380	-	186,799	472,052	191,563	3.69	3.77	0.17
Pakistan Petroleum Limited	5,803,339	840,650	-	1,301,615	5,342,374	360,664	6.95	7.10	0.20
Mari Petroleum Company Limited	322,574	5,660	-	74,963	253,271	440,626	8.49	8.68	0.19
Oil and Gas Development Company Limited	5,293,570	941,821	-	1,255,354	4,980,037	391,780	7.55	7.71	0.12
	<u>11,950,954</u>	<u>1,915,511</u>	<u>-</u>	<u>2,818,731</u>	<u>11,047,734</u>	<u>1,384,632</u>	<u>27</u>	<u>27</u>	
<b>FERTILIZERS</b>									
Engro Corporation Limited	1,642,481	125,391	-	350,014	1,417,858	364,517	7.03	7.18	0.25
Fauji Fertilizer Bin Qasim Limited	-	2,643,000	-	246,000	2,397,000	48,515	0.94	0.96	0.19
	<u>1,642,481</u>	<u>2,768,391</u>	<u>-</u>	<u>596,014</u>	<u>3,814,858</u>	<u>413,032</u>	<u>8</u>	<u>8</u>	

Name of the investee company	As at July 01, 2021	Purchases during the period	Bonus / Right Issue	Sales during the period	As at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of Net assets	Market value as a percentage of Total investments	Holding as a percentage of Paid up capital of the investee company
	No. of shares.....				Rupees in '000		%		
<b>CEMENT</b>									
D.G. Khan Cement Company Limited	1,219,500	-	-	1,219,500	-	-	-	-	-
Kohat Cement Limited	1,965,910	365,000	-	87,400	2,243,510	291,948	5.63	5.75	1.12
Lucky Cement Limited	801,498	195,920	-	299,129	698,289	320,543	6.18	6.31	0.22
Maple Leaf Cement Factory Limited	1,604,240	1,643,831	-	2,463,900	784,171	21,447	0.41	0.42	0.07
Fauji Cement Company Limited	8,091,000	2,781,500	-	7,671,500	3,201,000	45,358	0.87	0.89	0.23
Cherat Cement Company Limited	156,600	122,000	-	278,600	-	-	-	-	-
Attock Cement (Pakistan) Limited	471,300	166,800	-	-	638,100	42,434	0.82	0.84	0.46
	<b>14,310,048</b>	<b>5,275,051</b>	<b>-</b>	<b>12,020,029</b>	<b>7,565,070</b>	<b>721,729</b>	<b>14</b>	<b>14</b>	
<b>MISCELLANEOUS</b>									
Ecopack Limited	2,291	-	229	-	2,520	73	0.00	0.00	0.01
Synthetic Products Enterprises Limited	126,808	-	10,144	10,500	126,452	1,782	0.03	0.04	0.06
Pakistan Aluminium Beverage Cans Limited	-	818,178	-	818,178	-	-	-	-	-
	<b>129,099</b>	<b>818,178</b>	<b>10,373</b>	<b>828,678</b>	<b>128,972</b>	<b>1,855</b>	<b>0</b>	<b>0</b>	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>									
Agriaautos Industries Limited*	200	-	-	-	200	27	0.00	0.00	0.00
Thal Limited*	94,500	-	-	30,100	64,400	17,364	0.33	0.34	0.08
Baluchistan Wheels Limited	10,500	-	-	9,000	1,500	114	0.00	0.00	0.01
Panther Tyres Limited	1,685,166	88,000	339,833	46,000	2,066,999	66,971	1.29	1.32	1.23
	<b>1,790,366</b>	<b>88,000</b>	<b>339,833</b>	<b>85,100</b>	<b>2,133,099</b>	<b>84,475</b>	<b>2</b>	<b>2</b>	
<b>AUTOMOBILES ASSEMBLER</b>									
Millat Tractors Limited	185,140	686	77,390	184,271	78,945	68,886	1.33	1.36	0.10
Honda Atlas Cars (Pakistan) Limited	117,000	279,100	-	225,000	171,100	33,318	0.64	0.66	0.12
Pak Suzuki Motor Company Limited	-	90,850	-	90,850	-	-	-	-	-
	<b>302,140</b>	<b>370,636</b>	<b>77,390</b>	<b>500,121</b>	<b>250,045</b>	<b>102,204</b>	<b>2</b>	<b>2</b>	
<b>GLASS AND CERAMICS</b>									
Tariq Glass Industries Limited	1,054,875	117,500	-	593,501	578,874	60,093	1.16	1.18	0.42
Shabbir Tiles and Ceramics Limited*	5,953,500	316,000	-	398,500	5,871,000	85,893	1.66	1.69	2.45
	<b>7,008,375</b>	<b>433,500</b>	<b>-</b>	<b>992,001</b>	<b>6,449,874</b>	<b>145,986</b>	<b>3</b>	<b>3</b>	
<b>ENGINEERING</b>									
Mughal Iron and Steel Industries Limited	2,405,935	493,390	372,080	334,601	2,936,804	169,277	3.26	3.33	0.88
International Steels Limited	802,000	327,600	-	915,000	214,600	12,739	0.25	0.25	0.05
International Industries Limited	514,000	204,066	-	367,857	350,209	36,327	0.70	0.72	0.27
Amreli Steels Ltd.	-	145,000	-	145,000	-	-	-	-	-
Agha Steel Industries Limited	320,500	-	-	320,500	-	-	-	-	-
Aisha Steel Mills Limited	285,000	2,353,776	-	775,000	1,863,776	20,595	0.40	0.41	0.20
	<b>4,327,435</b>	<b>3,523,832</b>	<b>372,080</b>	<b>2,857,958</b>	<b>5,365,389</b>	<b>238,938</b>	<b>5</b>	<b>5</b>	
<b>TEXTILE COMPOSITE</b>									
Kohinoor Textile Mills Limited	3,507,933	233,500	-	771,000	2,970,433	148,522	2.86	2.92	0.99
Nishat Mills Limited	1,512,300	63,620	-	771,400	804,520	59,462	1.15	1.17	0.23
Interloop Limited	1,456,162	198,500	47,840	687,303	1,015,199	61,927	1.19	1.22	0.11
	<b>6,476,395</b>	<b>495,620</b>	<b>47,840</b>	<b>2,229,703</b>	<b>4,790,152</b>	<b>269,911</b>	<b>5</b>	<b>5</b>	
<b>PAPER AND BOARD</b>									
Cherat Packaging Limited.	2	-	-	-	2	0	0.00	0.00	0.00
Roshan Packages Limited	2,006,500	100,000	-	26,000	2,080,500	30,916	0.60	0.61	1.47
	<b>2,006,502</b>	<b>100,000</b>	<b>-</b>	<b>26,000</b>	<b>2,080,502</b>	<b>30,916</b>	<b>1</b>	<b>1</b>	

Name of the investee company	As at July 01, 2021	Purchases during the period	Bonus / Right Issue	Sales during the period	As at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of Net assets	Market value as a percentage of Total investments	Holding as a percentage of Paid up capital of the investee company
	.....No. of shares.....					Rupees in '000	----- % -----		
<b>PHARMACEUTICALS</b>									
Abbot Laboratories (Pakistan) Limited	39,400	26,400	-	6,000	59,800	39,147	0.75	0.77	0.06
The Searle Company Limited	806,426	240,009	211,744	436,505	821,674	89,579	1.73	1.76	0.26
GlaxoSmithKline (Pakistan) Limited	145,300	-	-	145,300	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Pakistan Limited	-	33,900	-	-	33,900	8,079	0.16	0.16	0.03
AGP Limited	593,300	220,134	-	527,100	286,334	25,089	0.48	0.49	0.10
IBL HealthCare Limited	162,500	-	22,960	92,700	92,760	4,823	0.09	0.09	0.14
Citi Pharma Ltd.	-	1,367,776	100,578	946,000	522,354	17,050	0.33	0.34	0.23
	<b>1,746,926</b>	<b>1,888,219</b>	<b>335,282</b>	<b>2,153,605</b>	<b>1,816,822</b>	<b>183,767</b>	<b>4</b>	<b>4</b>	
<b>TECHNOLOGY AND COMMUNICATION</b>									
Avanceon Limited	13,642	-	3,411	-	17,053	1,329	0.03	0.03	0.01
Systems Limited	539,015	17,300	507,196	128,415	935,096	308,451	5.95	6.07	0.34
Pakistan Telecommunication Company Limited	985,000	-	-	150,000	835,000	5,812	0.11	0.11	0.02
Octopus Digital Limited	-	74,336	-	74,336	-	-	-	-	-
	<b>1,537,657</b>	<b>91,636</b>	<b>510,607</b>	<b>352,751</b>	<b>1,787,149</b>	<b>315,591</b>	<b>6</b>	<b>6</b>	
<b>POWER GENERATION AND DISTRIBUTION</b>									
Hub Power Company Limited	4,487,818	657,546	-	539,883	4,605,481	313,956	6.05	6.18	0.36
	<b>4,487,818</b>	<b>657,546</b>	<b>-</b>	<b>539,883</b>	<b>4,605,481</b>	<b>313,956</b>	<b>6</b>	<b>6</b>	
<b>COMMERCIAL BANKS</b>									
Meezan Bank Limited	2,844,959	174,000	416,544	626,421	2,809,082	317,370	6.12	6.25	0.17
<b>FOOD AND PERSONAL CARE PRODUCTS</b>									
Al-Shaheer Corporation Limited	18,378	-	-	-	18,378	166	0.00	0.00	0.01
At-Tahur Limited	230,841	1,374,000	171,701	1,213,500	563,042	10,737	0.21	0.21	0.28
Shezan International Limited	-	101,600	10,160	-	111,760	18,999	0.37	0.37	1.16
Bunny's Limited	-	127,500	-	-	127,500	2,721	0.05	0.05	0.19
	<b>249,219</b>	<b>1,603,100</b>	<b>181,861</b>	<b>1,213,500</b>	<b>820,680</b>	<b>32,623</b>	<b>1</b>	<b>1</b>	
<b>CHEMICAL</b>									
Lotte Chemical Pakistan Limited	3,530,500	1,089,000	-	4,619,500	-	-	-	-	-
Engro Polymer and Chemicals Limited	4,751,480	61,000	-	3,071,099	1,741,381	138,666	2.67	2.73	0.19
I.C.I. Pakistan Limited	96,150	-	-	49,350	46,800	33,909	0.65	0.67	0.05
Dynea Pakistan Limited	4,200	-	-	-	4,200	731	0.01	0.01	0.02
Sitara Peroxide Limited	726,500	-	-	161,500	565,000	8,057	0.16	0.16	1.03
Descon Oxychem Limited	-	14,500	-	-	14,500	228	0.00	0.00	0.01
	<b>9,108,830</b>	<b>1,164,500</b>	<b>-</b>	<b>7,901,449</b>	<b>2,371,881</b>	<b>181,590</b>	<b>4</b>	<b>4</b>	
<b>TRANSPORT</b>									
Pakistan National Shipping Corporation Limited	116,200	-	-	116,200	-	-	-	-	-
Pakistan International Bulk Terminal Limited	2,025,000	2,978,500	-	-	5,003,500	30,121	0.58	0.59	0.28
	<b>2,141,200</b>	<b>2,978,500</b>	<b>-</b>	<b>116,200</b>	<b>5,003,500</b>	<b>30,121</b>	<b>1</b>	<b>1</b>	
<b>CABLE &amp; ELECTRICAL GOODS</b>									
Pak Elektron Limited	1,363,000	3,385,500	1,218,960	2,208,500	3,758,960	59,730	1.15	1.18	0.76
<b>SUGAR &amp; ALLIED INDUSTRIES</b>									
Habib Sugar Mills Limited*	250,500	-	-	250,500	-	-	-	-	-
Faran Sugar Mills Limited	327,500	-	-	327,500	-	-	-	-	-
	<b>578,000</b>	<b>-</b>	<b>-</b>	<b>578,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Name of the investee company	As at July 01, 2021	Purchases during the period	Bonus / Right Issue	Sales during the period	As at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of Net assets	Market value as a percentage of Total investments	Holding as a percentage of Paid up capital of the investee company
	.....No. of shares.....				Rupees in '000		----- % -----		
<b>VANASPATI &amp; ALLIED INDUSTRIES</b>									
Unity Foods Limited	477,000	-	-	477,000	-	-	-	-	-
<b>LEATHER &amp; TANNERIES</b>									
Service GlobalFootwear Limited	241,748	-	-	167,000	74,748	3,003	0.06	0.06	0.04
<b>Total as at June 30, 2022</b>					<b>68,054,084</b>	<b>5,078,506</b>	<b>98</b>	<b>100</b>	
<b>Carrying value as at June 30, 2022</b>						<b>6,292,035</b>			

**6.1.1** Investments include shares with market value of Rs. 376.942 million (30 June 2021: Rs.503.2 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

**6.1.2** The Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholders were to be treated as income and tax at the rate of 5 percent was to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax was to be collected at source by the company declaring bonus shares which was to be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, led a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case.

During the year ended 30 June 2018, the Honourable Supreme Court of Pakistan (HSC) passed a judgement on 27 June 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended 30 June 2019. After that, the CISs have filed a fresh constitutional petition via CP 4653 dated 11 July 2019. In this regard, on 15 July 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from 1 July 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement amounting to Rs. 4.199 million (30 June 2021: 5.429 million) and not deposited in CDC account of the Income Tax Department.



**6.2 Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'**

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Market value of securities	6.1	<b>5,078,506</b>	7,726,093
Less: carrying value of investments		<b>(6,292,035)</b>	(6,475,928)
		<b>(1,213,529)</b>	1,250,165
<b>7 DIVIDEND AND PROFIT RECEIVABLE</b>			
Dividend receivable on Equity Securities		<b>1,731</b>	580
Profit receivable on bank deposits		<b>1,760</b>	1,679
		<b>3,491</b>	2,259
<b>8 ADVANCES, DEPOSITS AND PREPAYMENT</b>			
Advance tax	8.1	<b>4,476</b>	4,476
Advance against IPO		-	58,866
Security deposits with:			
- National Clearing Company of Pakistan Limited		<b>2,530</b>	2,530
- Central Depository Company of Pakistan Limited		<b>103</b>	103
Prepaid Mutual Fund Rating fee		<b>147</b>	133
		<b>7,256</b>	66,108

**8.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008- VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends and profit on bank deposits as at 30 June 2022 amounts to Rs. 4.476 million (30 June 2021: Rs. 4.476 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the funds being managed by the Management Company) had filed a petition in the Honourable High Court of Sindh (HCS) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the HCS in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court (HSC) through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company.

Accordingly, a petition was filed in the HSC by the funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the HSC granted the petitioners leave to appeal from the initial judgement of HCS.

Pending resolution of the matter, the amount of withholding tax so deducted has been shown as Advance tax as at 30 June 2022 as in the opinion of the management, the amount of tax deducted at source will be refunded.

## 9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	2022 ----- (Rupees in '000) -----	2021 -----
Management remuneration	9.1	8,693	10,189
Sindh Sales Tax on management remuneration	9.2	1,130	1,325
Reimbursement of Selling and marketing expenses	9.3	22,027	39,014
Reimbursement Allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	2,842	2,926
Sales load and & transfer load including SST		4,344	3,550
Other Payable		20	20
ADC Payable including SST		75	62
		<u>39,131</u>	<u>57,086</u>

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

- From 01 July 2020 to 1 February 2022, at the rate of 1.5% of the average annual net assets of the Fund.
- From 2 February 2022 to 30 April 2022, at the rate of 2.0% of the average annual net assets of the Fund.

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

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

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

Period	Rate per annum
1 July 2020 to 26 Oct 2020	1.5% of net assets or actual expenses whichever is lower.
27 Oct 2020 to 25 Jan 2021	1.9% of net assets or actual expenses whichever is lower.
26 Jan 2021 to 30 June 2021	2% of net assets or actual expenses whichever is lower.
1 July 2021 to 19 September 2021	2% of net assets or actual expenses whichever is lower.
20 Sept 2021 to 01 Feb 2022	2.05% of net assets or actual expenses whichever is lower.
02 Feb 2022 to 30 June 2022	1.55% of net assets or actual expenses whichever is lower.

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

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

- From 1 July 2021 to 25 July 2021, at the rate of 0.15% of the average annual net assets of the Fund.
- From 26 July 2021 to 30 June 2022, at the rate of 0.20% of the average annual net assets of the Fund.

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration	10.1	517	762
Sindh Sales Tax on Trustee remuneration	10.2	67	99
		<b>584</b>	<b>861</b>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund as stated below:

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

The remuneration is paid to the Trustee monthly in arrears.

10.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the year, Sindh Sales Tax at the rate of 13% (30 June 2021: 13%) was charged on trustee remuneration.

## 11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

	Note	2022 ----- (Rupees in '000) -----	2021 -----
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for Sindh Workers' Welfare Fund	12.1	-	80,997
Brokerage fee		270	1,784
Federal excise duty payable on remuneration of the management company	12.2	8,209	8,209
Federal excise duty payable on Sales Load		2,327	2,327
Auditors' remuneration		517	500
Settlement charges		128	213
Withholding tax		258	6,929
Printing charges		44	38
Capital gain tax		284	6,100
Bank charges		48	95
Legal fees		145	96
Charity Payable		17,006	12,331
Shariah Advisor fee payable		1,010	864
		<b>30,246</b>	<b>120,483</b>

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

- 12.2** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to 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 Honorable Sindh High Court (SHC) on 4 September 2013.

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court' decision dated 2 June 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 8.209 million (30 June 2021: Rs. 8.209 million). Had the provision not been made, the NAV per unit of the Fund would have been higher by Re. 0.0168 (30 June 2021: Re. 0.0127) per unit.

## 13 CONTINGENCY AND COMMITMENT

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

	Note	2022 ----- (Number of units) -----	2021
<b>14 NUMBER OF UNITS IN ISSUE</b>			
Total units in issue at beginning of the year		644,148,443	508,796,209
Add: Units issued against			
- Sale	14.1	454,429,349	1,107,574,163
- Refund of capital at zero value	14.2	-	3,791,256
		454,429,349	1,111,365,419
Less: Units redeemed		(609,412,187)	(976,013,185)
Total units in issue at end of the year		489,165,605	644,148,443

- 14.1** This includes Nil Units (2021: 3,313,774 units) issued against dividend reinvestment amounting to Nil (2021: Rs. 42,745,034) net of taxation.

- 14.2** The Management Company on 25 June 2021 declared interim distribution amounted to Nil (2021: Re. 0.1619 per unit for full year). The aggregate cash distribution amounted to Nil (2021: Rs. 49.996 million). The refund of capital / element of income was made by issuing Nil (2021: 3,783,380 additional units) to eligible unitholders at zero price as per MUFAP guidelines (duly consented upon by SECP) included in units issued above. This refund of capital is in addition to cash distribution.

	2022	2021
	(Rupees in '000)	
<b>15 AUDITORS' REMUNERATION</b>		
Annual audit fee	378	378
Half yearly review fee	181	181
Out of pocket expenses and others including government levy	199	190
	<b>758</b>	<b>749</b>

## 16 TAXATION

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

## 17 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies), incurred during the year divided by average net asset value for the year ) is 4.26% (2021: 4.62%) per annum. Total expense ratio (excluding government levies) is 4.01% (2021: 3.85%) per annum.

	As at 30 June 2022		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
<b>18 FINANCIAL INSTRUMENTS BY CATEGORY</b>			
<b>Assets</b>			
Bank balances	143,804	-	143,804
Investments	-	5,078,506	5,078,506
Dividend and profit receivable	3,491	-	3,491
Receivable from funds under management by Management Company against conversion of units	1,152	-	1,152
Receivable against sale of investments	32,483	-	32,483
Advance and deposits	2,633	-	2,633
	<b>183,563</b>	<b>5,078,506</b>	<b>5,262,069</b>
	As at 30 June 2022		
	At fair value through profit or loss	Other financial liabilities	Total
	(Rupees in '000)		
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	-	39,131	39,131
Payable to Central Depository Company of Pakistan Limited - Trustee	-	584	584
Payable against conversion and redemption of units	-	7,345	7,345
Accrued expenses and other liabilities	-	2,162	2,162
	<b>-</b>	<b>49,222</b>	<b>49,222</b>
Net assets attributable to unit holders		5,188,044	5,188,044

	As at 30 June 2021		
	At Amortised Cost	Mandatorily at fair value through profit or loss	Total
	(Rupees in '000)		
<b>Assets</b>			
Bank balances	576,948	-	576,948
Investments	-	7,726,093	7,726,093
Dividend and profit receivable	2,259	-	2,259
Receivable from funds under management by Management Company against conversion of units	8,425	-	8,425
Receivable against sale of investments	16,400	-	16,400
Advance and deposits	61,499	-	61,499
	<b>665,531</b>	<b>7,726,093</b>	<b>8,391,624</b>

	As at 30 June 2021		
	Mandatorily at fair value through profit or loss	Other financial liabilities	Total
	(Rupees in '000)		
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	-	57,086	57,086
Payable to Central Depository Company of Pakistan Limited - Trustee	-	861	861
Payable against redemption of units	-	13,215	13,215
Accrued expenses and other liabilities	-	15,921	15,921
	<b>-</b>	<b>87,083</b>	<b>87,083</b>
Net assets attributable to unit holders		8,203,222	8,203,222

## 19 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 19.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP), and its connected persons, and Baltoro Growth Fund being the sponsors and NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the Fund.
- 19.2** The transactions with connected persons are in the normal course of business, at contracted terms determined in accordance with the market rates.
- 19.3** Remuneration to the Management Company and Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 19.4** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

	2022	2021
	(Rupees in '000)	
<b>19.5 Details of transactions with connected persons are as follows:</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of NBP Fund Management Limited - Management Company	112,730	102,466
Sindh Sales Tax on remuneration to Management Company	14,655	13,321
Reimbursement of Selling and marketing expenses	124,582	125,488
Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	13,143	9,291
Sales load and transfer load including SST	6,906	25,216
ADC including SST	150	194
<b>Employees of the Management Company</b>		
Issue of 52,368,231 units (2021: 91,303,240 units)	629,819	1,067,805
Redemption of 58,232,730 units (2021: 86,597,962 units)	697,325	1,018,427
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	7,710	7,831
Sindh Sales Tax on remuneration to Trustee	1,002	1,018
CDS charges	208	460
<b>National Clearing Company of Pakistan Limited - common directorship</b>		
NCCPL Charges	636	728
<b>Pakistan Stock Exchange Limited*</b>		
Listing fee	-	25
<b>Humayun Bashir - Director</b>		
Units Issued / Transferred In 763,386 units (2021 : 763,386 units)	9,070	10,008
<b>International Steel Limited - common directorship</b>		
Shares purchased 327,600 (2021: 1,055,000 shares)	19,779	95,849
Shares sold 915,000 (2021: 765,000 shares)	70,926	61,245
Dividend Income	5,557	899
<b>NBP Fund Management Limited - Employees Provident Fund</b>		
Units issued / transferred in: Nil units (2021: 297,596 units)	-	3,814
Units redeemed / transferred out: 178,340 units (2021: 114,845 units)	2,300	1,514
<b>Portfolio managed by Management Company</b>		
Issue of 957,300 units (2021: 8,965,270 units)	11,297	106,071
Redemption of 1,350,294 units (2021: 11,742,449 units)	16,563	131,459
<b>Hub Power Company Limited*</b>		
Shares purchased Nil units (2021: 950,000 units)	-	78,627
Shares sold Nil units (2021: 1,675,000 units)	-	138,145
Dividend income	-	27,814
<b>BankIslami Pakistan Limited (Common Directorship)</b>		
Profit on bank deposits	3,143	5,555

	2022	2021
	(Rupees in '000)	
<b>Taurus Securities Limited - Subsidiary of parent company</b>		
Brokerage charges	508	831
<b>CDC trustee Punjab general provident fund (10% or more holding)**</b>		
Units issued / transferred in: 50,020,425 units (2021: Nil units)	600,000	-
<b>CDC trustee Punjab general pension fund (10% or more holding)**</b>		
Units issued / transferred in: 2,687,264 units (2021: Nil units)	35,000	-
<b>CDC Trustee NBP Islamic Sarmaya Izafa Fund</b>		
Purchase of equity securities: Nil shares (2021: 671,500 shares)	-	47,740
<b>19.6 Balances at year end</b>		
<b>NBP Fund Management Limited - Management Company</b>		
Management remuneration payable	8,693	10,189
Sindh Sales tax payable	1,130	1,325
Other payable	20	20
Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	2,842	2,926
Reimbursement of Selling and marketing expenses	22,027	39,014
Sales load and transfer load including SST	4,344	3,550
ADC payable including SST	75	62
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration Payable	517	762
Sindh Sales Tax on Trustee remuneration	67	99
Security deposit	103	103
<b>Employees of the Management Company</b>		
Units held: 4,976,529 (2021: 12,333,699 units)	52,781	157,070
<b>National Clearing Company of Pakistan Limited - common directorship</b>		
Security deposits	2,530	2,530
NCCPL charges payable	39	63
<b>NBP Fund management Limited - Employees provident fund</b>		
Units held: 119,256 units (2021: 297,596 units)	1,265	3,790
<b>International Steels Limited - common directorship</b>		
Shares held: 214,600 shares (2021: 802,000 shares)	12,739	74,915
<b>Portfolio managed by Management Company</b>		
Units held 3,353,776 units (2021: 9,741,006 units)	35,570	124,051
<b>Hub Power company Limited*</b>		
Shares held: Nil units (2021: 4,487,818 shares )	-	357,545
<b>National bank of Pakistan - Parent company</b>		
Bank balance	747	2,924
Profit receivable	9	9



	2022	2021
	(Rupees in '000)	
<b>BankIslami Pakistan Limited - common directorship</b>		
Bank balance	32,228	54,827
Profit receivable	374	358
<b>Rohma Amjad</b>		
Units held: 1,569 units (2021: 1,569 Units)	17	20
<b>Humayun Bashir - Director</b>		
Units held: Nil units (2021: 763,386 Units)	-	9,722

\* Current year figure has not been shown as the company ceased to be a related party / connected person as at June 30,2022.

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

## 20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	35
2	Asim Wahab Khan*	CFA	17
3	Hassan Raza	ACCA, BSC and CFA	12

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

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

## 21 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID/ PAYABLE

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

S. No	Particulars	Percentage (%)
1	TAURUS SECURITIES LTD.	8.10
2	FOUNDATION SECURITIES	4.60
3	ARIF HABIB SECURITIES LIMITED	4.54
4	J.S. GLOBAL CAPITAL LTD.	4.41
5	OPTIMUS Capital Management Limited	4.16
6	AQEEL KARIM DEHDI SECURITIES ( PVT) LIMITED	4.03
7	INSIGHT SECURITIES (PVT.) LIMITED	4.02
8	TOPLINE SECURITIES LIMITED	4.02
9	BMA CAPITAL MANAGEMENT LIMITED	3.97
10	INTERMARKET SECURITIES	3.95

List of brokers by percentage of commission paid during the year ended 30 June 2021:

S. No	Particulars	Percentage (%)
1	Taurus Securities Limited	6.40
2	BMA Capital Management Limited	4.70
3	Alfalah Securities (Pvt) Limited	4.30
4	Arif Habib Securities Limited	4.24
5	JS Global Capital Limited	4.15
6	Optimus Capital Management Limited	4.14
7	Foundation Securities	4.12
8	Intermarket Securities	4.09
9	Topline Securities Limited	4.04
10	EFG Hermes Pakistan Limited	3.95

## 22 PATTERN OF UNIT HOLDING

### Category

Category	As at 30 June 2022		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,324	1,807,418	34.84
Associated Companies and Directors	1	1,265	0.02
Insurance Companies	3	148,660	2.87
Retirement Funds	56	1,893,760	36.50
Public Limited Companies	2	718,518	13.85
Others	36	618,425	11.92
	<b>3,422</b>	<b>5,188,044</b>	<b>100.00</b>

### Category

Category	As at 30 June 2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,940	3,198,025	38.99
Associated Companies and Directors	2	13,512	0.16
Insurance Companies	5	591,758	7.21
Retirement Funds	66	1,986,369	24.21
Public Limited Companies	4	1,049,660	12.80
Others	49	1,363,898	16.63
	<b>4,066</b>	<b>8,203,222</b>	<b>100.00</b>

## 23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of Director	Number of Meetings			Meetings not attended
	Held during tenure of directorship	Attended	Leave granted	
Mr. Shaikh Muhammad Abdul Wahid Sethi	5	5	-	
Mr. Tauqeer Mazhar (note 25.2)	4	4	-	
Mr. Syed Hasan Irtiza Kazmi	5	5	-	
Mr. Ali Saigol	5	5	-	
Mr. Imran Zaffar	5	4	1	85th BOD Meeting
Mr. Khalid Mansoor	5	4	1	82nd BOD Meeting
Mr. Humayun Bashir	5	5	-	
Dr. Amjad Waheed	5	5	-	
Ms. Mehnaz Salar	5	5	-	

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

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

## 24 FINANCIAL RISK MANAGEMENT

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

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

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

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

## 24.1 Market risk

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

### 24.1.1 Currency risk

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

### 24.1.2 Profit rate risk

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

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

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 1.438 million (2021: 5.434 million).

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

Presently, the Fund does not hold fixed rate instruments.

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

Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
As at 30 June 2022					
----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial Assets</b>					
Bank balances	6.5 - 15.59	130,437	-	13,367	143,804
Investments		-	-	5,078,506	5,078,506
Dividend and profit receivable		-	-	3,491	3,491
Receivable from funds under management by Management Company against conversion of units		-	-	1,152	1,152
Receivable against sale of investments		-	-	32,483	32,483
Advance and deposits		-	-	2,633	2,633
		130,437	-	5,131,632	5,262,069
<b>Financial Liabilities</b>					
Payable to NBP Fund Management Limited - Management Company		-	-	39,131	39,131
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	584	584
Payable against conversion and redemption of units		-	-	7,345	7,345
Accrued expenses and other liabilities		-	-	2,162	2,162
		-	-	49,222	49,222
<b>On-balance sheet gap</b>		130,437	-	5,082,410	5,212,847
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-
<b>Total interest rate sensitivity gap</b>		130,437	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		130,437	130,437	130,437	-

As at 30 June 2021					
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
(Rupees in '000)					
<b>On-balance sheet financial instruments</b>					
<b>Financial Assets</b>					
Bank balances	3.75 - 6.80	543,357	-	33,591	576,948
Investments		-	-	7,726,093	7,726,093
Dividend and profit receivable		-	-	2,259	2,259
Receivable from funds under management by Management Company against conversion of units		-	-	8,425	8,425
Receivable against sale of investments		-	-	16,400	16,400
Advance and deposits		-	-	61,499	61,499
		543,357	-	7,848,267	8,391,624
<b>Financial Liabilities</b>					
Payable to NBP Fund Management Limited - Management Company		-	-	57,086	57,086
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	861	861
Payable against conversion and redemption of units		-	-	13,215	13,215
Accrued expenses and other liabilities		-	-	15,921	15,921
		-	-	87,083	87,083
<b>On-balance sheet gap</b>		543,357	-	7,761,184	8,304,541
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-
<b>Total interest rate sensitivity gap</b>		543,357	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		543,357	543,357	543,357	-

## 24.1.3 Price risk

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

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

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

In case of 5% increase / (decrease) in KMI 30 index on 30 June 2022, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 253.925 million (2021: Rs.386.305 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

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

## 24.2 Credit risk

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

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

<b>Balances with banks</b>	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
<b>AAA</b>	<b>103,194</b>	478,150
<b>AA+</b>	<b>901</b>	5,397
<b>AA-</b>	<b>6,762</b>	8,744
<b>AA</b>	<b>-</b>	46,925
<b>A+</b>	<b>32,238</b>	16,821
<b>A-</b>	<b>512</b>	465
<b>A</b>	<b>-</b>	12,569
<b>A1+</b>	<b>165</b>	
<b>Suspended / No Rating</b>	<b>32</b>	7,877
	<b><u>143,804</u></b>	<b><u>576,948</u></b>

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

#### **Concentration of the credit risk**

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

### **24.3 Liquidity risk**

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

#### **Management of liquidity risk**

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

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

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

#### **Maturity analysis for financial liabilities**

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

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	30 June 2022			
	Total	Upto three months	Over three months and upto one year	Over one year
	----- (Rupees in '000) -----			
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	39,131	39,131	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	584	584	-	-
Payable against conversion and redemption of units	7,345	7,345	-	-
Accrued expenses and other liabilities	2,162	2,162	-	-
	<b>49,222</b>	<b>49,222</b>	-	-
Net assets attributable to unit holders	<b>5,188,044</b>	<b>5,188,044</b>	-	-
	30 June 2021			
	Total	Upto three months	Over three months and upto one year	Over one year
	----- (Rupees in '000) -----			
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	57,086	57,086	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	861	861	-	-
Payable against conversion and redemption of units	13,215	13,215	-	-
Accrued expenses and other liabilities	15,921	15,921	-	-
	<b>87,083</b>	<b>87,083</b>	-	-
Net assets attributable to unit holders	<b>8,203,222</b>	<b>8,203,222</b>	-	-

## 25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

Note	30 June 2022							
	Carrying value			Fair value				
	At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	Investment - Listed equity securities	5,078,506	-	5,078,506	5,078,506	-	-	5,078,506
<b>Financial assets not measured at fair value</b>								
25.1	Bank balances	-	143,804	143,804				
	Dividend and profit receivable	-	3,491	3,491				
	Receivable from funds under management by Management Company against conversion of units	-	1,152	1,152				
	Receivable against sale of investments	-	32,483	32,483				
	Advance and Deposits	-	2,633	2,633				
		-	183,563	183,563				
<b>Financial liabilities not measured at fair value</b>								
25.1	Payable to NBP Fund Management Limited - Management Company	-	39,131	39,131				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	584	584				
	Payable against conversion and redemption of units	-	7,345	7,345				
	Accrued expenses and other liabilities	-	2,162	2,162				
		-	49,222	49,222				
----- (Rupees in '000) -----								
30 June 2021								
		Carrying value			Fair value			
		At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets measured at fair value</b>								
	Investment - Listed equity securities	7,726,093	-	7,726,093	7,726,093	-	-	7,726,093
<b>Financial assets not measured at fair value</b>								
27.1	Bank balances	-	576,948	576,948				
	Dividend and profit receivable	-	2,259	2,259				
	Receivable from funds under management by Management Company against conversion of units	-	8,425	8,425				
	Receivable against sale of investments	-	16,400	16,400				
	Advance and Deposits	-	61,499	61,499				
		-	665,531	665,531				
<b>Financial liabilities not measured at fair value</b>								
27.1	Payable to NBP Fund Management Limited - Management Company	-	57,086	57,086				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	861	861				
	Payable against conversion and redemption of units	-	13,215	13,215				
	Accrued expenses and other liabilities	-	15,921	15,921				
		-	87,083	87,083				



- 25.1** The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.
- 25.2** Financial instruments not measured at FVTPL include net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 1 of the fair value hierarchy.

## **26 UNITHOLDERS' FUND RISK MANAGEMENT**

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

The Fund has no restrictions on the subscription and redemption of units.

As at 30 June 2022, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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

In accordance with the risk management policies stated in note 24, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## **27 DATE OF AUTHORISATION FOR ISSUE**

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

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

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

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

\_\_\_\_\_  
**Director**

## PERFORMANCE TABLE

Particulars	For the 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 ended (Rs '000)	5,188,044	8,203,222	4,814,871	4,120,790	6,403,926	8,292,693
Net (loss) / income for the year ended (Rs '000)	(1,101,775)	1,791,287	(104,639)	(1,227,620)	(1,204,742)	1,908,452
Net Asset Value per unit at the year ended (Rs)	10.6059	12.7350	9.4633	9.1077	11.3973	13.1045
Offer Price per unit	10.9654	13.1667	9.7841	9.4171	11.7837	13.5487
Redemption Price per unit	10.6059	12.7350	9.4633	9.1077	11.3973	13.1045
Ex - Highest offer price per unit (Rs.)	16.8831	13.6534	11.9900	12.2350	13.7611	17.5864
Ex - Lowest offer price per unit (Rs.)	10.7550	9.8921	7.3512	9.2067	10.8435	12.1402
Ex - Highest redemption price per unit (Rs.)	13.3802	13.2057	11.5969	11.8338	13.3099	14.6687
Ex - Lowest redemption price per unit (Rs.)	10.4024	9.5678	7.1102	8.9048	10.4880	9.9859
Opening Nav of Fiscal Year	12.7350	9.3471	9.1077	11.3973	13.0678	9.8933
Total return of the fund	-16.72%	36.25%	3.90%	-20.09%	-12.78%	32.46%
Capital growth	-16.72%	35.00%	3.90%	-20.09%	-12.78%	11.47%
Income distribution as a % of ex nav		1.24%				20.99%
Income distribution as a % of par value		1.62%				20.77%
<b>Distribution</b>						
Interim distribution per unit		0.1619			-	2.0765
Final distribution per unit					-	0.0332
<b>Distribution Dates</b>						
Interim		25-Jun-21				19-Jun-17
Final						15-Sep-17
<b>Average annual return of the fund (launch date January 09, 2015)</b>						
(Since inception to June 30, 2022)	4.29%					
(Since inception to June 30, 2021)		7.97%				
(Since inception to June 30, 2020)			3.48%			
(Since inception to June 30, 2019)				3.39%		
(Since inception to June 30, 2018)					11.35%	
(Since inception to June 30, 2017)						22.90%
Portfolio Composition ( Please see Fund Manager Report)						
<i>Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up</i>						

## PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

<b>NBP Islamic Stock Fund</b>				
	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain*</b>
<b>Number</b>	<b>11</b>	<b>11</b>	<b>Nil</b>	<b>N/A</b>
<b>(%)</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>

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