

NBP FUNDS

Managing Your Savings

اعتماد
Aitemaad

اسلامک سیونگ

Islamic Savings

NBP Fund Management Limited



NBP ISLAMIC ENERGY 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

Allied Bank Limited
Bank Islami Pakistan Limited
Dubai Islami Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Summit Bank Limited
United Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
Fax: 051-4859031

Peshawar Office:

Opposite Gul Haji Plaza, 2nd Floor
National Bank Building
University Road Peshawar,
UAN: 091-111 111 632
Fax: 091-5703202

Multan Office:

Khan Center, 1st Floor, Abdali Road, Multan.
Phone No. : 061-4540301-6, 061-4588661-2 & 4

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Humayun Bashir
Director



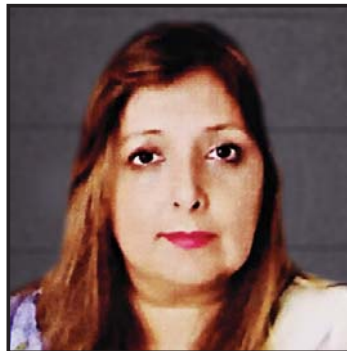
Mr. Tauqeer Mazhar
Director



Mr. Ali Saigol
Director



Mr. Saad Amanullah Khan
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Asim Wahab Khan, CFA
Chief Investment Officer



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation &
Strategy Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Khalid Mehmoody
Chief Financial Officer



Mr. Salman Ahmed, CFA
Head of Fixed Income



Mr. Hassan Raza, CFA
Head of Research



Mr. Muhammad Umer Khan
Head of Human Resources &
Administration



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Mr. Waheed Abidi
Head of Internal Audit



Mr. Muhammad Imran, CFA, ACCA
Head of Portfolio Management



Syed Haseeb Ahmed Shah
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the seventh Annual Report for the period ended June 30, 2022, since launch of **NBP Islamic Energy Fund** (NIEF) on April 21, 2016.

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.

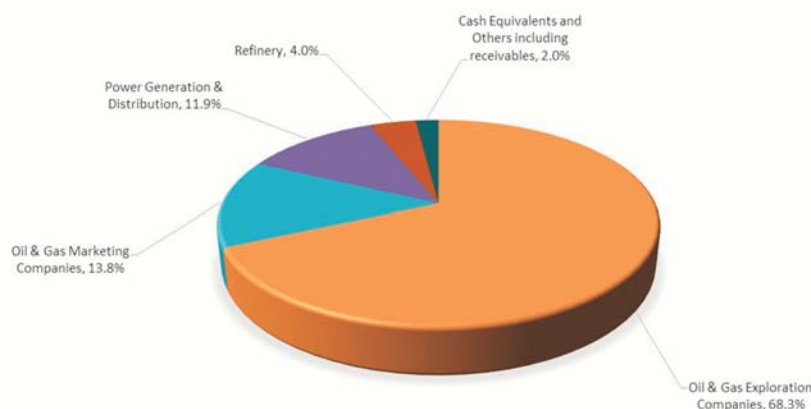
The subdued equity market performance was despite robust corporate profitability of listed companies, which for the first three quarters of FY22 stood at 25% and, even after the imposition of super tax, is expected to deliver double digit growth. Investors remained focused on external numbers, especially 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 Energy Fund decreased by 7.0% return as against the KMI-30 index decreased by 10.3%, outperforming the benchmark by 3.3% during the year. The Fund outperformed as the fund was overweight in select Energy sector stocks which outperformed the market. Since its inception on April 21, 2016, the return of NBP Islamic Energy Fund was 0.02%, while the Benchmark increased by 16.6%. Thus, the Fund underperformed by 16.6% during the period. The performance of the Fund is net of management fee and all other expenses. The Fund size is 717 million as of June 30, 2022.

NBP Islamic Energy Fund has incurred a loss of Rs. 30.04 million during the year. After deducting total expenses of Rs. 34.81 million, the total loss is Rs. 64.85 million. During the year, the unit price of Islamic Energy Fund has decreased from Rs. 9.4868 (Ex-Div) on June 30, 2021 to Rs. 8.8236 on June 30, 2022. The resultant per unit loss is Rs. 0.6632 (7.0%).

The asset allocation of NBP Islamic Energy 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 Energy Fund amounting to Rs. 15.03 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 Energy Fund by 1.84% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Auditors

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

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

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held five meetings during the year. The attendance of all directors is disclosed in the note 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 18 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2022, the Board included:

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

Date: **September 27, 2022**

Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 21 اپریل 2016 کو قائم ہونے والے NBP اسلامک انرجی فنڈ کی ساتویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2022 پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

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

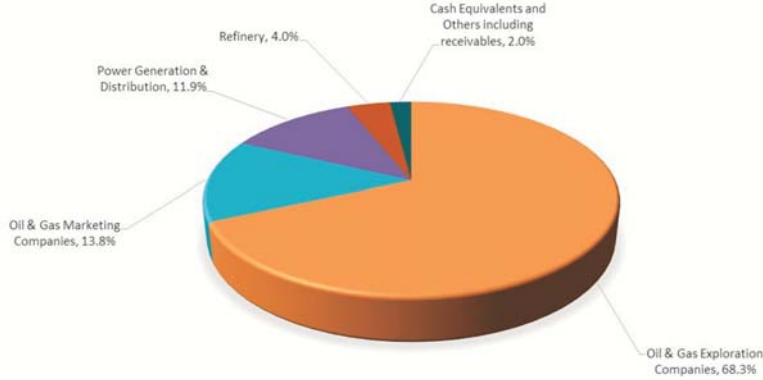
لنڈن کمپنیوں کے مستحکم کارپوریٹ منافع کے باوجود ایکویٹی مارکیٹ کی کارکردگی ناقص رہی، جو کہ مالی سال 22 کی پہلی تین سہ ماہیوں میں 25 فیصد رہی اور سپر ٹیکس کے نفاذ کے بعد نمودار ہندسوں میں رہنے کی توقع ہے۔ سرمایہ کاروں کی توجہ بیرونی اعداد پر مرکوز رہی، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) جو 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 زار اور زیادہ قیمتوں کے اثرات سے بھی محتاط رہے، جو کہ مالی سال 22 میں اوسط تقریباً 12.2 فیصد سے جون 22 میں ماہانہ افراط زر 21.3 فیصد کی کثیر سالہ بلند ترین سطح پر تھی۔ اس عرصے کے دوران بین الاقوامی بانڈ کے منافع میں خاطر خواہ اضافہ ہوا۔ دونوں، بیرونی عدم توازن اور بڑھتی ہوئی افراط زر کو کم کرنے کے لیے، مرکزی بینک نے مالی سال 22 میں مجموعی طور پر پالیسی کی شرحوں میں 6.75 فیصد تک جارحانہ اضافہ کیا۔ اسی وجہ سے، پاکستانی روپیہ کی قدر میں بھی سال کے دوران 30% کمی ہوئی۔ آئی ایم ایف پروگرام کی دوبارہ بحالی ہونے میں غیر معمولی تاخیر مارکیٹ میں پریشانی کی دوسری اہم وجہ رہی۔ سال کے دوران MSCI ایئر لائن مارکیٹ سے MSCI فرنیچر 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 ہوئے، 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، فریڈیلٹیز، آئل اینڈ گیس ایکسپلوریشن، اور پاور جنریشن اور ڈسٹری بیوشن سیکٹرز نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری طرف، آٹو پارٹس اینڈ ایکسیسریز، کیبل اور ایکسٹریکٹبل سامان، سینٹ، انجینئرنگ، خوراک اینڈ ڈائی گنڈاشٹ، ایشورنس، آئل اینڈ گیس مارکیٹنگ، فارماسیوٹیکل، ریفرنسری اور ٹیکنالوجی کے شعبے مارکیٹ میں پیچھے رہے۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی اور میچل فنڈز بالترتیب 298 ملین امریکی ڈالر اور 128 ملین امریکی ڈالر کے اخراج کے ساتھ سب سے زیادہ خالص فروخت کنندگان رہے۔ اس کے برعکس، افراد اور بینک/DFIs نے اپنے خالص ہولڈنگز میں بالترتیب 157 ملین امریکی ڈالر اور 115 ملین امریکی ڈالر کا اضافہ کیا۔

مالی سال کے دوران، NBP اسلامک انرجی فنڈ کے منافع میں 7.0% کمی ہوئی جبکہ KMI-30 انڈیکس میں 10.3% کمی ہوئی، سال کے دوران بیچ مارک میں 3.3% کی بہتر کارکردگی دکھائی۔ فنڈ نے بہتر کارکردگی دکھائی کیونکہ فنڈ انرجی سیکٹرز اسٹاکس کے انتخاب میں بہت زیادہ اہمیت دی گئی، جس نے مارکیٹ سے بہتر کارکردگی ظاہر کی۔ اپنے قیام (21 اپریل 2016) سے آج تک NBP اسلامک انرجی فنڈ کا منافع 0.02% ہے، جبکہ بیچ مارک میں 16.6% کا اضافہ ہوا۔ لہذا فنڈ نے سال کے دوران 16.1% کی اہتر کارکردگی کا مظاہرہ کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2022 کو فنڈ کا سائز 717 ملین روپے ہے۔

NBP اسلامک انرجی فنڈ کو اس مدت کے دوران 30.04 ملین روپے کا نقصان ہوا۔ 34.81 ملین روپے کے اخراجات متبہا کرنے کے بعد کل نقصان 64.85 ملین روپے ہے۔ سال کے دوران، اسلامک انرجی فنڈ کے یونٹ کی قیمت 30 جون 2021 کو 9.4868 (Ex-Div) روپے سے کم ہو کر 30 جون 2022 کو 8.8236 روپے ہو چکی ہے۔ جس کے نتیجے میں یونٹ خسارہ 0.6632 روپے (7.0%) ہے۔

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



آمدنی کی تقسیم

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

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 انرجی فنڈ کی طرف سے سندھ ورکرز ویلفیئر فنڈ کی پروپوزنگ کے بعد مراسلہ نمبر SRB/TP/70/2013/8772 مورخہ 12 اگست 2021 کی رو سے سندھ ریونیو بورڈ کی طرف سے موصولہ کلیریفیکیشن پر میچل فنڈز ایسوسی ایشن آف پاکستان کو دی گئی 15.03 ملین روپے کی رقم واپس کر دی گئی۔ پرویشن کی اس واپسی کے باعث 13 اگست 2021 کو NBP اسلامک انرجی فنڈ فنڈ کے NAV میں 1.84% کا غیر معمولی اضافہ ہوا ہے۔ یہ ایک ایسا موقع ہے جو کہ مستقبل میں دوبارہ آنے کا امکان نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز گرانٹ تھارنٹن انچارجڈ اکاؤنٹنٹس، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2023 کو ختم ہونے والے سال کے دوبارہ تقرر کے لئے خود کو پیش کرتے ہیں۔

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

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش 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۔ شہاریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریشن 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 مدد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیرین 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 پونڈ 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

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

اظہار تشکر

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

بورڈ اپنے اسٹاف اور 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 ڈائریکٹرز 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 Energy 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 Energy Fund

NBP Islamic Energy Fund is an Open-ended Shariah Compliant Equity Fund.

Investment Objective of the Fund

The objective of NBP Islamic Energy Fund is to provide investors with long term capital growth from an actively managed portfolio of Shari'ah Compliant listed equities belonging to the Energy Sector.

Benchmark

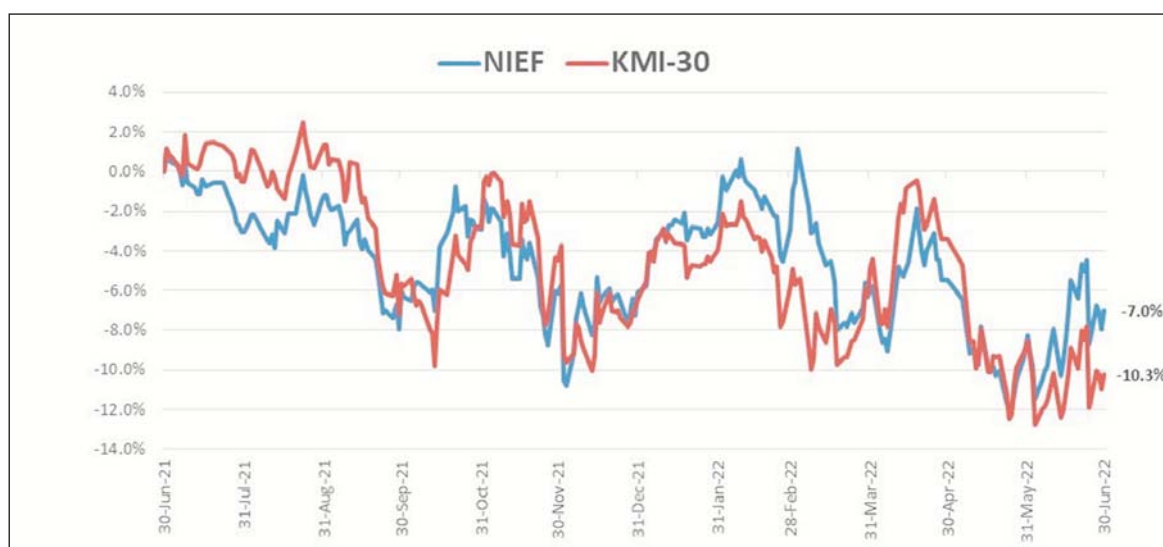
The Benchmark of the Fund is KMI-30 Index.

Fund performance review

This is the seventh annual report of the Fund. During the fiscal year, NBP Islamic Energy Fund decreased by 7.0% return as against the KMI-30 index decreased by 10.3%, outperforming the benchmark by 3.3% during the year. Since its inception on April 21, 2016, the return of NBP Islamic Energy Fund was 0.02%, while the Benchmark increased by 16.6%. Thus, the Fund underperformed by 16.6% during the period. The performance of the Fund is net of management fee and all other expenses. The fund size of NBP Islamic Energy Fund is Rs. 717 mln as of June 30, 2022.

NIEF outperformed during the year as the Fund was overweight in select Energy sectors stocks which outperformed the market. The chart below shows the performance of NIEF against the Benchmark for the year.

NIEF 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	98.1%	98.2%
Cash Equivalents	3.6%	5.7%
Other Net Liabilities	(1.7%)	(3.9%)
Total	100.0%	100.0%

Distribution for the Financial Year 2022

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

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	105
1-1000	398
1001-5000	125
5001-10000	95
10001-50000	211
50001-100000	50
100001-500000	56
500001-1000000	13
1000001-5000000	7
5000001-10000000	4
100000001-100000000	1
Total	1,065

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 Energy Fund amounting to Rs. 15.03 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 Energy Fund by 1.84% 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 Energy 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 Sixth year of operations of NBP Islamic Energy Fund (NIEF). 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 NIEF in light of Shari'ah requirements. Following is a list of top investments of NIEF 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) Nature of Business	(ii) Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Mari Petroleum Co. Limited	Oil & Gas Exploration Companies	0.45%	14.42%	2.86%	49.63%	312.41	1654.23
Pakistan Oilfields Limited	Oil & Gas Exploration Companies	0.00%	0.60%	3.42%	36.35%	25.04	357.62
Oil & Gas Development Company Limited *	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37	86.2
Pakistan Petroleum Limited *	Oil & Gas Exploration Companies	0.00%	16.70%	2.53%	26.13%	96.98	79.04
The Hub Power Co. Limited.	Power Generation & Distribution Companies	33.91%	3.85%	4.50%	58.76%	(42.73)	
Pakistan State Oil Company Limited	Oil & Gas Marketing Companies	32.44%	0.00%	0.63%	39.97%	(133.30)	
Attock Petroleum Limited	Oil and Gas Marketing Companies	9.56%	1.55%	0.39%	58.74%	(138.64)	

* 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 NIEF are Shari'ah Compliant and in accordance with the criteria established by us.
- iii) There are investments made by NIEF 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 NIEF 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 2,679,805/- wherein amount available for disbursement is PKR 2,407,412/-, which is inclusive of PKR 1,121,375/- provisional amount of previous year adjusted after availability of the respective financial statements.

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

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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

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

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

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

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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide to the Board with a statement that we have complied with relevant ethical requirements regarding

independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date September 28, 2022

UDIN: AR202210126Cc1586jPg

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2022

	Note	2022 Rupees in '000	2021
ASSETS			
Bank balances	4	25,981	38,604
Investments	5	702,917	849,498
Profit receivable		166	217
Dividend receivable		-	1,269
Deposits and other receivables	6	5,604	5,604
Receivable against issuance of units		875	-
Total assets		735,542	895,192
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	8	7,754	8,234
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	131	171
Payable to the Securities and Exchange Commission of Pakistan	10	153	136
Payable against redemption of units		2,008	1,210
Payable against purchase of investments		3,586	310
Accrued expenses and other liabilities	11	5,360	19,691
Total liabilities		18,992	29,752
NET ASSETS		716,550	865,440
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		716,550	865,440
CONTINGENCIES AND COMMITMENTS	12		
		Number of units	
NUMBER OF UNITS IN ISSUE	13	81,208,268	91,226,104
		Rupees	
NET ASSET VALUE PER UNIT		8.8236	9.4868

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	----- Rupees in '000 -----	
Income		
Profit on bank deposits	2,063	2,194
Dividend income	62,326	36,231
Realized (loss) / gain on sale of investments - net	(34,153)	42,400
Net unrealized diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.2 (75,307)	(904)
Total (loss)/profit	(109,459)	41,496
	(45,071)	79,921
Expenses		
Remuneration of NBP Fund Management Limited - the Management Company	8.1 11,506	10,186
Sindh sales tax on remuneration of the Management Company	8.2 1,496	1,324
Reimbursement of Allocated expenses	8.4 1,504	929
Reimbursement of Selling and marketing expenses	8.5 15,630	12,561
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	9.1 1,534	1,358
Sindh sales tax on remuneration of the Trustee	9.2 199	177
Annual fees to the Securities and Exchange Commission of Pakistan	10.1 153	136
Auditors' remuneration	14 801	693
Amortization of preliminary expenses and floatation costs	7 -	375
Annual listing and supervising fee	28	28
Printing charges	67	69
Shariah advisor fee	112	83
Securities transaction cost	1,001	2,211
Settlement and bank charges	383	482
Legal and professional charges	400	128
Total operating expenses	34,815	30,740
Net (loss) / profit from operating activities	(79,886)	49,181
Reversal / (Provision) against Sindh Workers' Welfare Fund	11.2 15,034	(984)
Net (loss) / profit for the year before taxation	(64,852)	48,197
Taxation	15 -	-
Net (loss) / profit for the year after taxation	(64,852)	48,197
Allocation of net income for the year		
Net income for the year after taxation	-	48,197
Income already paid on units redeemed	-	(5,306)
	-	42,891
Accounting income available for distribution		
- Relating to capital gains	-	38,334
- Excluding capital gains	-	4,557
	-	42,891

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

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

	2022	2021
	----- Rupees in '000 -----	
Net (loss) / profit for the year after taxation	(64,852)	48,197
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(64,852)</u>	<u>48,197</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- Rupees in '000 -----						
Net assets at beginning of the year	806,978	58,462	865,440	573,989	24,570	598,559
Issue of 73,681,289 units (2021: 130,679,830 units)						
- Capital value (at ex-net asset value per unit)	699,000	-	699,000	1,109,027	-	1,109,027
- Element of (loss) / income	(24,494)	-	(24,494)	184,926	-	184,926
Total proceeds on issuance of units	674,506	-	674,506	1,293,953	-	1,293,953
Redemption of 83,699,125 units (2021: 109,983,869 units)						
- Capital value (at ex-net asset value per unit)	(794,037)	-	(794,037)	(933,389)	-	(933,389)
- Element of income/(loss)	35,493	-	35,493	(114,646)	(5,306)	(119,952)
Total payments on redemption of units	(758,544)	-	(758,544)	(1,048,035)	(5,306)	(1,053,341)
Total comprehensive (loss)/ profit for the year	-	(64,852)	(64,852)	-	48,197	48,197
Interim cash distribution for the year ended June 30, 2021 @ Rs. 0.2458 per unit (Date of declaration June 28, 2021)	-	-	-	(12,929)	(8,999)	(21,928)
Net assets at end of the year	722,940	(6,390)	716,550	806,978	58,462	865,440
Undistributed income brought forward						
- Realised income	59,366			43,207		
- Unrealised loss	(904)			(18,637)		
	58,462			24,570		
Accounting (loss) / income available for distribution						
- Relating to capital gains	-			38,334		
- Excluding capital gains	-			4,557		
	-			42,891		
Net (loss)/ income for the year after taxation		(64,852)			-	
Interim cash distribution for the year ended June 30, 2021 @ Rs. 0.2458 per unit (Date of declaration June 28, 2021)		-			(8,999)	
Undistributed (loss) / income carried forward		(6,390)			58,462	
Undistributed (loss) / income carried forward						
- Realised income	68,917			59,366		
- Unrealised loss	(75,307)			(904)		
	(6,390)			58,462		
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year		9.4868				8.4866
Net assets value per unit at the end of the year		8.8236				9.4868

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	Note	Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/ profit for the year after taxation	(64,852)	48,197
Adjustments for:		
Profit on bank deposits	(2,063)	(2,194)
Dividend income	(62,326)	(36,231)
Net unrealized diminution/(gain) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.2 75,307	904
(Reversal)/ Provision against Sindh Workers' Welfare Fund	(15,034)	984
Amortization of preliminary expenses and floatation costs	7 -	375
	(4,116)	(36,162)
Decrease/ (increase) in assets		
Investments	71,275	(267,764)
Receivable against issuance of units	-	3,345
	71,275	(264,419)
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - the Management Company	(479)	1,913
Payable to Central Depository Company of Pakistan Limited - the Trustee	(40)	58
Payable to the Securities and Exchange Commission of Pakistan	17	26
Payable against redemption of units	-	811
Payable against purchase of investments	3,437	135
Accrued expenses and other liabilities	542	2,013
	3,477	4,956
	5,784	(247,428)
Dividend received	-	34,962
Profit received on bank deposits	65,709	2,149
Net cash generated/ (used) from operating activities	71,493	(210,317)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	673,631	1,281,024
Amount paid on redemption of units	(757,746)	(1,053,341)
Dividend Distributed	-	(8,999)
Net cash (used in)/ generated from financing activities	(84,115)	218,684
Net (decrease) / increase in cash and cash equivalents during the period	(12,622)	8,367
Cash and cash equivalents at the beginning of the year	38,604	30,237
Cash and cash equivalents at the end of the year	4 25,981	38,604

The annexed notes from 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Islamic Energy Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on March 25, 2016 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).

The Management Company of the Fund has been licensed to act as an asset management company under the 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 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorized as an open ended 'Sharia compliant equity scheme' by the Board of Directors (the Board) of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited.

The objective of the Fund is to provide higher risk adjusted returns to investors by investing in diversified portfolio of Sharia compliant energy sector equity instruments. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has maintained an asset manager rating of AM1 as at June 22, 2022 (2021: AM1) to the Management Company. The Fund has not yet been rated.

The title to the assets of the Fund is held in the name of the CDC as the trustee of the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) .
- Where provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, the NBFC Rules, the NBFC Regulations.

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting judgments and estimates

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

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

- a) classification of financial assets (note 3.3)
- b) impairment of financial assets (3.4)
- d) impairment of non financial assets (note 3.9)
- c) provisions note (3.12)

3 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

3.1 Standards, amendments and interpretations to the published standards that may be relevant to the Company and adopted in the current year

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

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

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

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

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

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IAS 8 - 'Definition of Accounting Estimates	January 1, 2023

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

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

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

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts' and amendments to IFRS 17	January 1, 2023

3.2 SIGNIFICANT ACCOUNTING POLICIES

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

3.2.1 Cash and cash equivalents

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

3.2.2 Financial assets and liabilities

3.2.2.1 Initial Recognition

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

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

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

3.3 Classification and measurement

3.3.1 Financial Assets

There are three principal classification categories for financial assets:

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

Financial asset at amortized cost

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

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

Financial Asset at FVTOCI

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

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

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

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

Financial asset at FVTPL

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

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

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

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

Business Model Assessment

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

Following three business models are defined under the IFRS 9:

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

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

3.3.2 Financial Liabilities

The Fund classifies its financial liabilities in the following categories:

- Measured at amortized cost ("AC"), or
- Measured at Fair value through profit or loss ("FVTPL").

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

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

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

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

3.4 Impairment of financial assets

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortized cost and FVOCI. The Fund recognizes loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date
- about past events, current conditions and forecasts of future economic conditions.

3.5 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of assets and liabilities at fair value, with gains and losses recognized in the income statement, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognized in the income statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the income statement.

3.6 Regular way contracts

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

3.7 Derecognition

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

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

3.8 Offsetting of financial instruments

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

3.9 Impairment of non financial assets

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

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

3.10 Issuance and redemption of units

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

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

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

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

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

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

3.12 Provisions

Provisions are recognized 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.

3.13 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealized gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Profit on bank balances is recognized on an accrual basis.
- Dividend income is recognized when the right to receive the dividend is established.

3.14 Expenses

All expenses, including remuneration of the Pension Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognized in the Income Statement as and when incurred.

3.15 Taxation

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

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

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

3.16 Distribution to the unit holders

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

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

3.17 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortized over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

3.18 Earnings per unit

The EPS can be calculated by Dividing the Adjusted net profit to Weighted average number of units, This has not been disclosed as in the opinion of the management, determination of weighted average units for calculating earnings/(loss) is not practicable.

3.19 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4	BANK BALANCES	Note	2022	2021
			Rupees in '000	
	Savings accounts	4.1	24,635	34,173
	Current accounts		1,346	4,431
			<u>25,981</u>	<u>38,604</u>

4.1 These include a balance of Rs 21.483 million (2021: Rs 25.176 million) maintained with BankIslami Pakistan Limited (a related party) that carries a profit at the rate of 6.80% to 15.25% per annum (2021: 6.5% per annum). Other profit and loss sharing accounts of the Fund carry profit rates ranging from 6.5% to 15.50% per annum (2021: 6.5% to 7.16% per annum).

5	INVESTMENTS	Note	2022	2021
			Rupees in '000	
	Financial assets 'at fair value through profit or loss'			
	Quoted equity securities	5.1	<u>702,917</u>	<u>849,498</u>

5.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each unless stated otherwise.

Name of the Investee Company	As at July 01, 2021	Acquired during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
OIL AND GAS EXPLORATION COMPANIES									
Mari Petroleum Company Limited	91,595	5,200	-	19,782	77,013	133,983	19.1%	18.7%	0.07
Oil & Gas Development Company Limited	1,492,300	461,500	-	384,500	1,569,300	123,457	17.6%	17.2%	0.03
Pakistan Oil Fields Limited	291,641	131,800	-	97,700	325,741	132,189	18.8%	18.4%	0.10
Pakistan Petroleum Limited	1,602,496	366,500	-	485,900	1,483,096	100,124	14.2%	14.0%	0.06
						489,752	70.0%	68.3%	
OIL AND GAS MARKETING COMPANIES									
Attock Petroleum Limited	73,400	40,900	-	16,000	98,300	31,585	4.5%	4.4%	0.07
Hascol Petroleum Limited	-	-	-	-	-	-	0.0%	0.0%	-
Hi-Tech Lubricants Limited	61,200	60,000	9,940	11,500	119,640	4,744	0.7%	0.7%	0.05
Pakistan State Oil Company Limited (Note 5.1.2)	337,089	61,670	-	78,900	319,859	54,965	7.8%	7.7%	0.07
Shell Pakistan Limited	89,800	-	-	76,800	13,000	1,536	0.2%	0.2%	0.04
Sui Northern Gas Pipelines Limited	652,700	-	-	484,000	168,700	5,771	0.8%	0.8%	0.10
						98,600	14.0%	13.8%	
POWER GENERATION AND DISTRIBUTION									
Hub Power Company Limited	1,300,529	235,600	-	308,900	1,227,229	83,660	11.9%	11.7%	0.10
K-Electric Limited	5,982,500	-	-	5,982,500	-	-	0.0%	0.0%	-
Nishat Power Limited	-	-	-	-	-	-	0.0%	0.0%	-
Lalpir Power Limited	626,500	-	-	473,000	153,500	1,957	0.3%	0.3%	0.16
						85,617	12.0%	11.9%	

Name of the Investee Company	As at July 01, 2021	Acquired during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2022	Market value as at June 30, 2022	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of Paid up capital of the investee company
	----- Number of shares -----					Rupees in '000	----- Percentage -----		
REFINERY									
Attock Refinery Limited	29,800	55,000	-	41,100	43,700	7,682	1.1%	1.1%	0.03
Byco Petroleum Pakistan Limited	700,000	2,236,500	-	250,000	2,686,500	14,346	2.0%	2.0%	0.01
National Refinery Limited	14,400	33,000	-	20,000	27,400	6,920	1.0%	1.0%	0.02
						28,948	4.1%	4.0%	
Total as at June 30, 2022						702,917	100%	98%	
Cost of the investment as at June 30, 2022						778,224			
Market value as at June 30, 2021						849,498			
Cost of the investment as at June 30, 2021						850,402			

5.1.1 Investments include shares with a market value of Rs. 74.366 million (2021: Rs. 81.133 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 October 23, 2007 issued by the SECP.

Name of the company	2022		2021	
	-----Pledge shares-----			
	Number of shares	Market value as at June 30, 2022	Number of shares	Market value as at June 30, 2021
		Rupees in '000		Rupees in '000
Hub Power Company Limited	100,000	6,817	100,000	7,967
Mari Petroleum company limited	15,000	26,096	15,000	22,866
Oil And Gas Development Company limited	100,000	7,867	100,000	9,503
Pakistan Oil Fields Limited	20,000	8,116	20,000	7,877
Pakistan Petroleum Limited	250,000	16,878	250,000	21,708
Pakistan State Oil Company Limited	50,000	8,592	50,000	11,213
TOTAL		74,366		81,133

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

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

During the year ended June 30, 2018, the Honorable Supreme Court of Pakistan (HSC) passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs did not deposit the minimum 50% of the tax liability, as they did not have such tax in their book and accordingly the stay got vacated automatically during the current year. In 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019.

In this regard, on July 15, 2019, the Honorable High Court 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 favor of the CISs.

Further, the Finance Act, 2018 effective from July 1, 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 ended June 30, 2022 were not withheld by the investee companies.

As at June 30, 2022, the following bonus shares of the Fund have been withheld by investee company at the time of declaration of bonus shares. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favor of the CISs.

Name of the company	2022		2021	
	Bonus shares			
	Number of shares withheld	Market value as at June 30, 2022	Number of shares withheld	Market value as at June 30, 2021
	Rupees in 000		Rupees in 000	
Pakistan State Oil Company Limited	4,805	826	4,805	224

5.2	Net unrealised (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	Note	2022	2021
			Rupees in '000	
	Market value of investments	5.1	702,917	849,498
	Carrying value of investments	5.1	(778,224)	(850,402)
			<u>(75,307)</u>	<u>(904)</u>

6 DEPOSITS AND OTHER RECEIVABLE

Security deposit with Central Depository Company of Pakistan Limited *		100	100
Security deposit with National Clearing Company of Pakistan Limited *		2,500	2,500
Advance tax	6.1	3,004	3,004
		<u>5,604</u>	<u>5,604</u>

* related party balances

6.1 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 sections 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 applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder. The tax withheld on dividends and profit on bank deposits as at June 30, 2022 amounts to Rs 3.004 million (2021: Rs 3.004 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 Honorable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favor of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby

the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on dividends and profit on bank deposits has been shown as other receivable as at June 30, 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2022 ----- Rupees in '000 -----	2021
	At the beginning of the year		-	375
	Less: amortization during the year		-	(375)
	At the end of the year		<u>-</u>	<u>-</u>
8	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY			
	Management fee payable	8.1	872	1,135
	Sindh sales tax payable on remuneration of the Management Company	8.2	113	148
	Federal Excise Duty payable on remuneration of the Management Company	8.3	583	583
	Front end load payable		492	46
	Federal Excise Duty on front end load		1,501	1,501
	Sindh sales tax on front end load		85	27
	Reimbursement of allocated expenses payable	8.4	363	333
	Reimbursement selling and marketing expenses payable	8.5	3,724	4,443
	ADC Share - Payable To Management Company		5	2
	Other payable		16	16
			<u>7,754</u>	<u>8,234</u>

8.1 The Management company has charged its remuneration at the rate of 1.5% of average net assets (2021: 1.5% of average net assets). The remuneration is payable to the management company monthly in arrears.

8.2 During the year, an amount of Rs. 1.496 million (2021: Rs. 1.324 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

8.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honorable High Court of Sindh (HCS) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honorable Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from April 19, 2016 till June 30, 2016 amounting to Rs 0.583 million is being retained in these financial statements of the Fund as the matter is pending before the Honorable Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at June 30, 2022 would have been higher by Re 0.0072 (2021: Re 0.0064) per unit.

- 8.4** In accordance with Regulation 60 of the NBFC Regulations, an asset 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).

Until June 19, 2019 there was a maximum cap of 0.1% per annum of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 (1) / 2019 dated June 20, 2019 has removed the maximum cap of 0.1%.

Accordingly, the Management Company has charged 0.15% from July 01, 2021 to July 25, 2021 and 0.2% from July 26, 2021 to June 30, 2022 (0.1%: July 01, 2020 to October 26, 2020 and 0.15%: October 27, 2020 to June 30, 2021) of average net assets.

- 8.5** The SECP had allowed an asset management company to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019) subject to maximum cap of 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.

However, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% has been removed and now an asset management company is required to set a maximum limit for charging of such expenses to the Fund and the same should be approved by the Board of the management company as part of an annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Management has charged selling expenses at 2% from July 01, 2021 to September 19, 2021 and 2.05% from September 20, 2021 to June 30, 2022. (1.5%: July 01, 2020 to October 26, 2020, 1.9%: from October 27, 2020 to January 25, 2021 and 2%: from January 26, 2021 to June 30, 2021) of the average net assets.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE	Note	2022	2021
			----- Rupees in '000 -----	
	Trustee fee payable	9.1	116	151
	Sindh sales tax payable on trustee fee	9.2	15	20
			<u>131</u>	<u>171</u>

- 9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- | | |
|--------------------------------------|--|
| - up to Rs 1 billion. | 0.2% per annum of net assets. |
| - on amount exceeding Rs 1 billion . | Rs 2.0 million plus 0.10% per annum of net assets, Rs 1 billion. |

- 9.2** During the year, an amount of Rs 0.199 million (2021: Rs 0.177 million) was charged on account of sales tax @ 13% (2021: 13%) on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2022	2021
			----- Rupees in '000 -----	
	Annual fee payable	10.1	<u>153</u>	<u>136</u>

- 10.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP). The fund has charged SECP fee at the rate of 0.02% per annum of the average annual net assets during the current period, (2021: 0.02% per annum of the average annual net assets).

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022 ----- Rupees in '000 -----	2021
Auditors' remuneration payable		598	379
Printing charges payable		29	20
Bank charges payable		60	85
Charity payable	11.1	4,103	2,381
Legal and professional charges payable		107	18
Brokerage Payable		161	-
Shariah advisor fee payable		119	93
Withholding tax payable		58	1,487
Capital gain tax payable		70	123
Settlement charges		55	71
Provision for Sindh Workers' Welfare Fund	11.2	-	15,034
		<u>5,360</u>	<u>19,691</u>

11.1 According to the instructions of the Shariah advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year, non Shariah compliant income amounting to Rs. 2.680 million (2021: Rs. 1.804 million) was booked in the books of the Fund. This will be distributed as charity after the approval of Shariah Advisor. The dividend income is recorded net of charity portion.

11.2 During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by the fund amounting to Rs. 15.03 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 fund by 1.84% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

12 CONTINGENCIES AND COMMITMENTS

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

13 NUMBER OF UNITS IN ISSUE	2022 ----Number of Units----	2021
Total units in issue at the beginning of the year	91,226,104	70,530,143
Units issued during the year	73,681,289	130,679,830
Units redeemed during the year	(83,699,125)	(109,983,869)
Total units in issue at the end of the year	<u>81,208,268</u>	<u>91,226,104</u>

14 AUDITORS' REMUNERATION	----- Rupees in '000 -----	
Annual audit fee	377	352
Half yearly review fee	162	151
Out of pocket expenses	262	190
	<u>801</u>	<u>693</u>

15 TAXATION

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

unit holders. Since the Fund incurred a net loss for the year ended June, 30 2022, therefore no distribution has been made to the unit holders in cash and no provision for taxation has been made in these financial statements during the year.

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. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

16 (LOSS)/ EARNING PER UNIT

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

17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 4.54% (2021: 4.67%) which includes 0.24% (2021: 0.39%) representing government levies on the fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as 'Shariah compliant equity scheme'.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, 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, directors and their close family members and key management personnel of the Management Company.

18.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, profit on saving accounts, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the trust deed.

18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the trust deed.

18.5 Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

18.6 Details of the transactions with related parties / connected persons during the year are as follows:

	2022	2021
	----- Rupees in '000 -----	
NBP Fund Management Limited - the Management Company		
Remuneration for the year	11,506	10,186
Sindh sales tax on remuneration of the Management Company	1,496	1,324
Reimbursement of selling and marketing expense	15,630	12,561
Reimbursement of allocated expenses	1,504	929
Sales and transfer load	446	2,516
Sindh sales tax on sales load	58	327
ADC charges including SST	3	7

	2022	2021
	----- Rupees in '000 -----	
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration for the year	1,534	1,358
Sindh sales tax on remuneration	199	177
Pakistan Stock Exchange Limited - common directorship *		
Listing fee	28	28
Farida Ali Asghar (more than 10% holding)		
Units Issued Nil (2021: 13,685,309)	-	140,000
Dividend Reinvest Nil (2021: 140,772)	-	1,338
Key management personnel of the Management Company		
Dividend Re-invest Units Issued - Nil units (2021: 28,124 units)	-	267
Units Issued / Transferred In - 9,496,407 units (2021: 18,730,933 units)	85,943	176,832
Units Redeemed / Transferred Out - 9,954,048 units (2021: 15,747,084 units)	90,086	149,819
Taurus Securities Limited - common directorship		
Brokerage expenses	65	125
National Clearing Company of Pakistan Limited - Common directorship		
NCCPL charges	335	412
Humayun Bashir - Director		
Dividend Re-invest Units Issued - Nil units (2021: 1423)	-	14
Units Issued / Transferred In - Nil units (2021: 1,615,614)	-	16,608
Units Redeemed / Transferred Out - 1,088,937 units (2021: 528,100)	9,481	5,000
Portfolio managed by the Management Company		
Dividend Re-invest Units Issued - Nil units (2021: 7,579)	-	72
Units Issued / Transferred In - 4,192,213 units (2021: Nil)	40,000	-
Units Redeemed / Transferred Out - 4,192,213 units (2021: Nil)	38,915	-
Hub Power Company Limited - Common Directorship *		
Shares purchased - Nil (2021: 804,000)	-	71,747
Shares sold - Nil (2021: 531,400)	-	43,835
Dividend income	-	6,400
BankIslami Pakistan Limited - Common directorship		
Profit on bank deposits	1,214	1,061
18.7 Amounts / balances outstanding as at year end		
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	872	1,135
Sindh sales tax on remuneration of the Management Company	113	148
Federal Excise Duty on remuneration of the Management Company	583	583
Front-end load payable	492	46
Sindh sales tax on front end load	85	27
Federal Excise Duty on front end load	1,501	1,501
Reimbursement selling and marketing expense payable	3,724	4,443
Others	16	16
Reimbursement of allocated expenses payable	363	333
ADC Share - Payable To Management Company	5	2

	2022	2021
	----- Rupees in '000 -----	
Central Depository Company of Pakistan Limited - the Trustee		
Trustee fee	116	151
Sindh sales tax on the remuneration of the Trustee	15	20
Security deposit	100	100
Key management personnel of the Management Company		
Units held 1,014,255 (2021: 3,943,419 units)	8,949	37,410
BankIslami Pakistan Limited - common directorship		
Bank balances	20,973	25,176
Profit receivable	105	101
National Bank of Pakistan (Parent Company)**		
Bank balances	103	-
Taurus Securities Limited - common directorship		
Brokerage payable	19	20
Portfolio managed by the Management Company		
Units held 352,267 (2021: 352,267 units)	3,108	3,342
Farida Ali Asghar (more than 10% holding)		
Units held 20,228,241 (2021: 20,228,241)	178,486	191,901
Humayun Bashir - Directors		
Units held Nil - (2021: 1,088,937)	-	10,331
Hub Power Company Limited - Common Directorship *		
Shares held - Nil (2021: 1,300,529)	-	103,613
National Clearing Company of Pakistan Limited - Common directorship		
Security deposit	2,500	2,500
NCCPL charges payable	55	71

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

** Prior year comparative has not been presented as the person was not a related party / connected person of the Fund as at June 30, 2021.

18.8 Other balances due to / from related parties / connected persons are included in respective notes to the financial statements.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	At fair value through profit or loss	At amortized cost	Total
June 30, 2022			
Financial assets			
Bank balances	-	25,981	25,981
Investments	702,917	-	702,917
Profit receivable	-	166	166
Deposits and other receivables	-	2,600	2,600
	<u>702,917</u>	<u>28,747</u>	<u>731,664</u>
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	-	7,754	7,754
Payable to Central Depository Company of Pakistan - the Trustee	-	131	131
Payable against redemption of units	-	2,008	2,008
Payable against purchase of investments	-	3,586	3,586
Accrued expenses and other liabilities	-	5,232	5,232
	<u>-</u>	<u>18,711</u>	<u>18,711</u>
June 30, 2021			
Financial assets			
Bank balances	-	38,604	38,604
Investments	849,498	-	849,498
Profit receivable	-	217	217
Deposits and other receivables	-	1,269	1,269
Receivable against sale of investments	-	2,600	2,600
	<u>849,498</u>	<u>42,690</u>	<u>892,188</u>
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	-	8,234	8,234
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	171	171
Payable against redemption of units	-	1,210	1,210
Payable against purchase of investments	-	310	310
Accrued expenses and other liabilities	-	3,047	3,047
	<u>-</u>	<u>12,972</u>	<u>12,972</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund 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 the Fund is willing to accept. The Board of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

20.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As at June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances 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 higher / lower by Rs. 0.246 million (2021: Rs. 0.341 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

Effective profit rate (%)	Exposed to yield / profit rate risk	Not exposed to yield / profit rate risk	Total	
	Up to three months			
June 30,2022				
----- Rupees in '000 -----				
Financial assets				
Bank balances	6.80%-15.5%	24,635	1,346	25,981
Investments		-	702,917	702,917
Profit receivable		-	166	166
Deposits and other receivables		-	2,600	2,600
		24,635	707,028	731,664
Financial liabilities				
Payable to NBP Fund Management Limited - the Management Company		-	7,754	7,754
Payable to Central Depository Company of Pakistan - the Trustee		-	131	131
Payable against redemption of units		-	2,008	2,008
Payable against purchase of investments		-	3,586	3,586
Accrued expenses and other liabilities		-	5,232	5,232
		-	18,711	18,711
On-balance sheet gap		24,635	688,317	712,953
Total profit rate sensitivity gap		24,635		
Cumulative profit rate sensitivity gap		24,635		

Effective profit rate (%)	Exposed to yield / profit rate risk	Not exposed to yield / profit rate risk	Total
	Up to three months		

June 30, 2021

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

Financial assets

	6%-7.16%		
Bank balances	34,173	4,431	38,604
Investments	-	849,498	849,498
Profit receivable	-	217	217
Deposits and other receivables	-	2,600	2,600
Receivable against sale of investments	-	1,269	1,269
	34,173	858,015	892,188

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	-	8,234	8,234
Payable to Central Depository Company of Pakistan Limited - the Trustee	-	171	171
Payable against redemption of units	-	1,210	1,210
Payable against purchase of investments	-	310	310
Accrued expenses and other liabilities	-	3,047	3,047
	-	12,972	12,972
On-balance sheet gap	34,173	845,043	879,216
Total profit rate sensitivity gap	34,173		
Cumulative profit rate sensitivity gap	34,173		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) 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 profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the trust deed. The NBFC Regulations also limit individual equity securities to no more than 20% of net assets. There is no sector exposure limit on sector specific fund under NBFC Regulations.

In case of 5% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, the net loss of the Fund for the year would decrease / increase by Rs. 35.146 million (2021: Rs. 42.475 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or 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 June 30, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

20.2 Liquidity risk

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

The Fund is exposed to daily settlement of equity securities and daily 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realizable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	Within 1 month	Financial instrument with no fixed maturity	Total
----- Rupees in '000 -----			
June 30, 2022			
Financial assets			
Bank balances	25,981	-	25,981
Investments	-	702,917	702,917
Profit receivable	166	-	166
Deposits and other receivables	-	2,600	2,600
Dividend receivable	-	-	-
	26,147	705,517	731,664
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	7,754	-	7,754
Payable to Central Depository Company of Pakistan - the Trustee	131	-	131
Payable against redemption of units	2,008	-	2,008
Payable against purchase of investments	3,586	-	3,586
Accrued expenses and other liabilities	5,232	-	5,232
	18,711	-	18,711
Net assets	7,436	705,517	712,953

June 30, 2021

Financial assets

Bank balances
Investments
Profit receivable
Deposits and other receivables
Receivable against sale of investments

Within 1 month	Financial instrument with no fixed maturity	Total
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----- Rupees in '000 -----

38,604	-	38,604
-	849,498	849,498
217	-	217
-	2,600	2,600
1,269	-	1,269
40,090	852,098	892,188

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company
Payable to Central Depository Company of Pakistan Limited - the Trustee
Payable against redemption of units
Payable against purchase of investments
Accrued expenses and other liabilities

8,234	-	8,234
171	-	171
1,210	-	1,210
310	-	310
3,047	-	3,047
12,972	-	12,972

Net assets

27,118	852,098	879,216
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20.3 Credit risk

20.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

2022		2021	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk

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

Bank balances	25,981	25,981	38,604	38,604
Investments	702,917	-	849,498	-
Profit receivable	166	166	217	217
Deposits and other receivables	2,600	2,600	2,600	2,600
Dividend receivable	-	-	1,269	1,269
Receivable against issuance of units	875	875	-	-
	732,539	29,622	892,188	42,690

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

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of bank balances is as follows:

Name of the Bank	Rating	exposed to credit risk	
		2022	2021
Habib Bank Limited Ubl Ameen Meezan Bank Limited Allied Bank Limited National Bank Of Pakistan Mcb Bank Limited	AAA	0.97	0.81
Js Bank Limited	AA-	0.09	0.08
Dubai Islamic Bank Pakistan Limited	AA	0.24	0.20
Bank Islami Pakistan Limited	A+	3.44	2.82
Silk Bank Limited	A-	-	0.00
Bank Alfalah Limited	A	-	0.32
Summit Bank Limited	Suspended	0.03	0.10
		4.78	4.33

21 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.

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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13: 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at the reporting date, the Fund held the following financial instruments measured at fair values:

June 30, 2022

	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	702,917	-	-
2021			
Financial assets			
At fair value through profit or loss	849,498	-	-

22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends 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 restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs.100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 20, the Fund endeavors to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	1,051	549,563	76.70	1,510	621,864	71.86
Public Limited Companies	1	7	0.00	3	7	0.00
Retirement Funds	5	40,940	5.71	8	46,899	5.42
Associated Companies and Others	8	126,041	17.59	13	186,340	21.53
	1,065	716,551	100%	1,535	865,441	100%

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Aba Ali Habib Securities private Limited	8.52%	Taurus Securities Limited	6.40%
Taurus Securities limited	6.54%	J.S. Global Capital Limited	5.17%
Sherman Securities private Limited	5.94%	Foundation securities	5.14%
Foundation Securities	5.32%	Insight Securities (Pvt.) Limited	5.06%
Bma Capital Management Limited	4.92%	BMA Capital Management Limited	4.36%
Alfalah Securities private Limited	4.60%	EFG Hermes Pakistan Limited	4.15%
Multi Line Securities	4.48%	Topline Securities (Private) Limited	4.15%
D.J.M Securities private Limited	4.47%	Alfalah Securities (Private) Limited	4.07%
Intermarket Securities	4.33%	Intermarket Securities Limited	4.07%
Efg Hermes Pakistan Limited	4.29%	Optimus Capital Management Limited	3.96%

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Qualification	Overall experience in years
Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	34
Mr. Asim Wahab Khan	CFA	16
Salman Ahmad	CFA	17
Mr. Hassan Raza	ACCA, BSC and CFA	11
Usama Bin Razi	BE, MBA	18

25.1 Mr. Asim Wahab Khan is the Fund Manager of the Fund.

26 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund Manager
Mr. Asim Wahab Khan	Chief Investment Officer	CFA	NSF,NFSF,NISF,NBPGETF,NSIF,NISIF,NIRIF,NBF, NIAAEF,NIAAF-I,NIAAF-II,NIAAF-III,NPF,NIPF

27 MEETINGS OF BOARD OF THE MANAGEMENT COMPANY

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 / applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	5	5	-	
**Tauqeer Mazhar	4	4	-	
Mehnaz Salar	5	5	-	
Ali Saigol	5	5	-	
Imran Zaffar	5	4	1	85th BOD Meeting
Khalid Mansoor	5	4	1	82nd BOD Meeting
Saad Amanullah Khan	5	5	-	
Humayun Bashir	5	5	-	
*Syed Hasan Irtiza Kazmi	-	-	-	
Amjad Waheed	5	5	-	

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

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

28 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

29 DATE OF AUTHORISATION FOR ISSUE

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

30 GENERAL

Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2022	For the year ended June 30, 2021	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2017
Net assets at the year / period ended (Rs '000)	716,550	865,440	598,559	666,036	1,647,183	2,315,526
Net income for the year / period ended (Rs '000)	(64,852)	48,197	(32,995)	(360,298)	(86,123)	601,343
Net Asset Value per unit at the year / period ended (Rs)	8.8236	9.4868	8.4866	9.1493	12.6711	13.0957
Offer Price per unit	9.1227	9.8084	8.7743	9.4595	13.1007	13.5396
Redemption Price per unit	8.8236	9.4868	8.4866	9.1493	12.6711	13.0957
Ex - Highest offer price per unit (Rs.)	9.9206	10.7422	11.6523	13.0998	14.7179	15.5854
Ex - Lowest offer price per unit (Rs.)	8.6301	8.5568	6.645	9.1925	12.0731	10.2984
Ex - Highest redemption price per unit (Rs.)	9.5953	10.3900	11.2702	12.6703	14.2353	15.0743
Ex - Lowest redemption price per unit (Rs.)	8.3471	8.2763	6.4271	8.8911	11.6772	10.0673
Fiscal Year Opening Ex NAV	9.4868	8.2754	9.1493	12.6711	13.0957	9.9054
Total return of the fund	-6.99%	14.64%	-7.24%	-27.80%	-3.24%	32.21%
Capital growth	-6.99%	12.09%	-7.24%	-27.80%	-3.24%	23.82%
Income distribution as a % of ex nav	0.00%	2.55%	-	-	-	8.39%
Income distribution as a % of par value	0.00%	0	-	-	-	8.31%
Distribution						
Interim distribution per unit	-	0.2458	-	-	-	0.8310
Final distribution per unit	-	-	-	-	-	-
Distribution Dates						
Interim	-	28-Jun-21	-	-	-	21-Jun-17
Final	-	-	-	-	-	-
Total return of the fund (launch date January 09, 2015)						
(Since inception to June 30, 2022)	0.003%					
(Since inception to June 30, 2021)		1.41%				
(Since inception to June 30, 2020)			-1.51%			
(Since inception to June 30, 2019)				1.10%		
(Since inception to June 30, 2018)					16.61%	
(Since inception to June 30, 2017)						36.39%
(Since inception to June 30, 2016)						
Portfolio Composition (Please see Fund Manager Report)						

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

PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP ISLAMIC ENERGY FUND			
Resolutions	For	Against	Abstain
2	2	Nil	N/A
100%	100%	-	-

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