



# NBP FINANCIAL SECTOR INCOME FUND

HALF YEARLY REPORT  
DECEMBER 31, 2023



# 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  
Dr. Amjad Waheed  
Mr. Tauqeer Mazhar  
Ms. Mehnaz Salar  
Mr. Ali Saigol  
Mr. Imran Zaffar  
Mr. Khalid Mansoor  
Mr. Saad Amanullah Khan  
Mr. Ruhail Muhammad

Chairman  
Chief Executive Officer  
Director  
Director  
Director  
Director  
Director  
Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Ruhail Muhammad  
Ms. Mehnaz Salar  
Mr. Imran Zaffar  
Mr. Saad Amanullah Khan

Chairman  
Member  
Member  
Member

### Human Resource & Remuneration Committee

Mr. Khalid Mansoor  
Shaikh Muhammad Abdul Wahid Sethi  
Mr. Ali Saigol  
Mr. Tauqeer Mazhar

Chairman  
Member  
Member  
Member

### Strategy & Business Planning Committee

Mr. Saad Amanullah Khan  
Shaikh Muhammad Abdul Wahid Sethi  
Mr. Tauqeer Mazhar  
Mr. Ali Saigol  
Mr. Imran Zaffar  
Mr. Khalid Mansoor

Chairman  
Member  
Member  
Member  
Member  
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

MCB Bank Limited  
JS Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
United Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Askari Bank Limited  
Habib Metropolitan Bank Limited  
Allied Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited

Zarai Taraqiyate Bank Limited  
MCB Islamic Bank Limited  
Faysal Bank Limited  
The Bank of Punjab  
Albaraka Bank of Pakistan  
Bank Islami Pakistan Limited  
U Microfinance Bank Limited  
Telenor Microfinance Bank  
Khushhali Microfinance Bank Limited  
HBL Microfinance Bank Limited  
Mobilink Microfinance Bank Limited  
Dubai Islamic Bank Limited

**Auditors**

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

**Legal Advisor**

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

**Head Office:**

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

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Financial Sector Income Fund (NFSIF)** for the half year ended December 31, 2023.

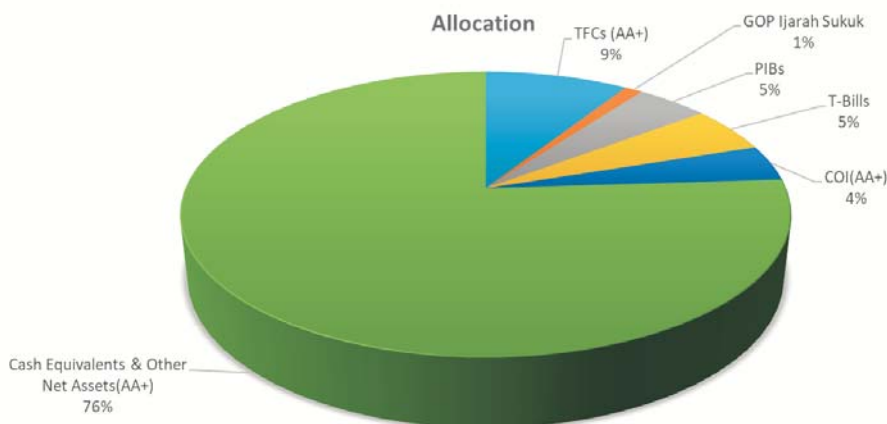
### Fund's Performance

During the first half of fiscal year 2024, the State Bank of Pakistan (SBP) held four Monetary Policy Committee meetings, maintaining the Policy Rate at 22%. Various external and internal factors were considered, with the decision primarily attributed to the upside risks in the inflation outlook. The period was characterized by economic slowdown and uncertainty stemming from increased political noise ahead of the upcoming general elections. Scheduled debt repayments and weak investment inflows impeded the increase in foreign exchange (FX) reserves. Sovereign yields exhibited volatility initially owing to the prevailing uncertainty. However, the pressure on sovereign yields started to ease in the later part of the period due to the growing expectation of an interest rate cut in the coming half, with market participants gradually elongating their maturities. The measures taken to address the ailing economic activity hinge on continued targeted fiscal consolidation and the timely realization of planned external inflows. As of the end of December, the net liquid foreign exchange reserves held with the SBP stood at around USD 8.23 billion. The SBP conducted thirteen T-Bill auctions, realizing around Rs. 15.8 trillion against the target of Rs. 16.3 trillion and maturity of Rs. 17.7 trillion. Yields decreased by 1.4%, 1.5%, and 1.6% for 3-month, 6-month, and 12-month tenures, respectively. In the last auction for the half-year, cut-off yields for 3-month, 6-month, and 12-month tenures were noted at 21.45%, 21.40%, and 21.43%, respectively. SBP also held six PIB auctions, where bids worth around Rs. 953 billion were realized. The yields decreased by 2.9%, 0.2% and 0.4% for 3-year, 5-year and 10-year tenures, respectively during the period. In the last auction for the half-year ended, cut-off yields for 3-year, 5-year and 10-year tenures were noted at 17.20%, 15.88% and 15.00%, respectively. Also, the corporate bond activity was slender with overall traded value of Rs. 4.9 billion.

The Fund is unique as it invests a minimum 70% of its assets in financial sector (mainly banks) debt securities, instruments or deposits. Minimum entity / instrument rating of debt securities is 'AA-'. This minimizes credit risk and at the same time enhances the liquidity of the Fund. Duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances the liquidity profile of the Fund. The Fund has been assigned 'A+ (f)' fund stability rating by PACRA.

The size of NBP Financial Sector Income Fund has increased from Rs. 25,717 million to Rs. 29,006 million during the period, a growth of 13%. During the period, the unit price of the Fund has increased from Rs. 9.5805 (Ex-Div) on June 30, 2023 to Rs. 10.6568 on December 31, 2023 thus showing a return of 22.3% p.a. as compared to its Benchmark return of 22.5% p.a. for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 3,233.68 million during the period. After deducting total expenses of Rs. 237.77 million, the net income is Rs. 2,995.91 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NFSIF.



## Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 10.549% of the opening ex-NAV (11.211% of the par value) during the half year ended December 31, 2023.

## 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: **February 29, 2024**  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2023ء کو ختم ہونے والی ششماہی کے لئے NBP فنانشل سیکٹر انکم فنڈ (NFSIF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

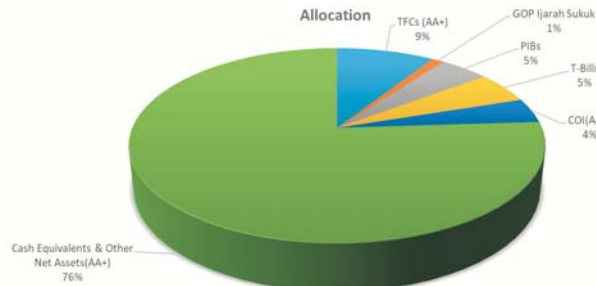
مالی سال 24 کی پہلی ششماہی کے دوران، بینک دولت پاکستان (SBP) نے مانیٹری پالیسی کمیٹی (MPC) کے چار اجلاس منعقد کئے، پالیسی ریٹ 22% پر برقرار رکھا۔ مختلف بیرونی اور داخلی عوامل پر غور کرتے ہوئے، بنیادی طور پر یہ فیصلہ افراط زر کے نقطہ نظر میں زیادہ خطرات کی وجہ سے کیا گیا۔ اس عرصہ میں معاشی سست روی اور عام انتخابات سے قبل سیاسی شور سے پیدا ہونے والی غیر یقینی صورتحال کی نشاندہی کی گئی تھی۔ شیڈول قرضوں کی ادائیگی اور کمزور سرمایہ کاری نے زرمبادلہ کے ذخائر میں اضافہ کو روک دیا۔ موجودہ غیر یقینی صورتحال کی وجہ سے ابتدائی طور پر کم وقتی منافع میں اتار چڑھاؤ آیا۔ تاہم، مالی سال 24 کی دوسری ششماہی میں شرح سود میں کمی کی توقع کی وجہ سے اس مدت کے آخر میں کم وقتی منافع پر دوبارہ کم ہونا شروع ہوا، جس میں مارکیٹ کے شرکاء اپنی پیچورٹیز میں بتدریج اضافہ کر رہے تھے۔

کمزور معاشی سرگرمیوں سے نمٹنے کے لئے اٹھائے گئے اقدامات کا دار و مدار مسلسل ہدف شدہ مالی استحکام اور منصوبہ بند بیرونی آمد کی بروقت تکمیل پر ہے۔ دسمبر کے اختتام تک اسٹیٹ بینک پاکستان کے ہاں موجود خالص لیکویڈ زرمبادلہ کے ذخائر تقریباً 8.23 ارب ڈالر تھے۔ SBP نے ٹی بی بل کی تیرہ ٹیلا میوں کا انعقاد کیا، جس سے 16.3 ٹریلین روپے ہدف اور 17.7 ٹریلین روپے میچورٹی کے متقابل کل 15.8 ٹریلین روپے کی وصولی ہوئی۔ ٹی بلز کی شرح منافع میں 3 ماہ، 6 ماہ، 12 ماہ کے لئے بالترتیب 1.4%، 1.5% اور 1.6% تک کمی ہوئی۔ ختم ہونے والی ششماہی کی آخری ٹیلا میں، 3 ماہ، 6 ماہ اور 12 ماہ کے لئے ٹی بل پر کٹ آف شرح منافع بالترتیب 21.45 فیصد، 21.40 فیصد اور 21.43 فیصد درج کیا گیا۔ SBP نے چھ پی آئی ٹی ٹیلا میاں بھی کیں، جہاں تقریباً 953 ملین روپے کی بولیوں وصول کی گئیں۔ اس مدت کے دوران، 3 سالہ، 5 سالہ اور 10 سالہ مدتوں کے لئے شرح منافع بالترتیب 2.9 فیصد، 0.2 فیصد اور 0.4 فیصد تک کم ہوا۔ ختم ہونے والی ششماہی کی آخری ٹیلا میں، 3 سالہ، 5 سالہ اور 10 سالہ مدتوں کے لئے کٹ آف شرح منافع بالترتیب 17.20 فیصد، 15.88 فیصد اور 15.00 فیصد درج کیا گیا۔ اس کے علاوہ، کارپوریٹ بانڈ کی سرگرمی بھی غیر معمولی تھی جس کی مجموعی تجارتی قدر 4.9 بلین روپے رہی۔

یہ فنڈ منفرد ہے کیونکہ یہ اپنے اثاثوں کا کم از کم 70% مالیاتی شعبے (بنیادی طور پر بینکوں) کے قرض کی سیکورٹیز، آلات یا ڈپازٹس میں لگاتا ہے۔ قرض کی ضمانتوں کی کم از کم ہستی/آل کی درجہ بندی 'AA' ہے۔ یہ کریڈٹ رسک کو کم کرتا ہے اور ساتھ ہی فنڈ کی لیکویڈٹی کو بڑھاتا ہے۔ فنڈ کی مدت ایک سال سے زیادہ نہیں ہو سکتی۔ یہ شرح سود یا قیمتوں کے خطرے کو کم کرتا ہے۔ فنڈ اپنے اثاثوں کا 25% ٹی بلز یا بینکوں میں بچت کھاتوں میں 90 دنوں سے بھی کم وقت میں لگاتا ہے، جس سے فنڈ کے لیکویڈٹی پروفاںل میں مزید اضافہ ہوتا ہے۔ فنڈ کو PACRA کی جانب سے 'A+(f)' فنڈ استحکام کی درجہ بندی تفویض کی گئی ہے۔

NBP فنانشل سیکٹر انکم فنڈ کا سائز اس مدت کے دوران 25,717 ملین روپے سے بڑھ کر 29,006 ملین روپے ہو گیا (یعنی 13% کا اضافہ)۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2023 کو (Ex-Div) 9.5805 روپے سے بڑھ کر 31 دسمبر 2023 کو 10.5568 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لئے اپنے بیچ مارک منافع 22.5% کے مقابلے میں 22.3% کا منافع درج کرایا۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے موجودہ مدت کے دوران 3,233.68 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 237.77 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 2,995.91 ملین روپے ہے۔ درج ذیل چارٹ NFSIF کی ایسٹ بلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیکائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:







## آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 31 دسمبر 2023 کو ختم ہونے والی ششماہی کے دوران اوپننگ ex-NAV کا 10.549% (بنیادی قدر کا 11.211%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

## اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

**NBP فنڈ مینجمنٹ لمیٹڈ**

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 29 فروری 2024ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Financial Sector Income Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2023 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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, February 28, 2024

## INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Financial Sector Income Fund** (the Fund) as at December 31, 2023, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flow and notes to and forming part of the condensed interim financial statements for the half year ended December 31, 2023 (here-in-after referred to as the 'condensed interim financial statements'). NBP Fund Management Limited (the Management Company) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income, for the quarter ended December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

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

**Yousuf Adil**  
**Chartered Accountants**  
**Engagement Partner**  
Nadeem Yousuf Adil

Place: Karachi  
Date: February 29, 2024

UDIN: RR202310091XhH9IpbGZ

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2023

|  | Note | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|--|------|--------------------------------------|-------------------------------|
|  |      | ----- (Rupees in '000) -----         |                               |
| <b>Assets</b>  |      |                                      |                               |
| Bank balances  | 4    | 21,901,822                           | 22,361,339                    |
| Investments  | 5    | 5,775,766                            | 3,129,531                     |
| Profit receivables   | 6    | 566,865                              | 525,484                       |
| Receivables from funds under management by<br>Management Company against conversion of units |      | 1,028,480                            | 29,778                        |
| Advance, deposit and prepayment  | 7    | 6,667                                | 6,943                         |
| <b>Total assets</b>  |      | <b>29,279,600</b>                    | <b>26,053,075</b>             |
| <b>Liabilities</b>   |      |                                      |                               |
| Payable to NBP Fund Management Limited -<br>Management Company                               | 8    | 72,482                               | 69,603                        |
| Payable to Central Depository Company of Pakistan<br>Limited - Trustee                       | 9    | 1,974                                | 1,706                         |
| Payable to Securities and Exchange Commission of Pakistan                                    | 10   | 1,758                                | 9,830                         |
| Payable against redemption / conversion of units   |      | 45,331                               | 145,723                       |
| Accrued expenses and other liabilities   | 11   | 152,273                              | 109,410                       |
| <b>Total liabilities</b>   |      | <b>273,818</b>                       | <b>336,272</b>                |
| <b>Net assets</b>  |      | <b>29,005,782</b>                    | <b>25,716,803</b>             |
| <b>Unitholders' fund (as per statement attached)</b>   |      | <b>29,005,782</b>                    | <b>25,716,803</b>             |
| <b>Contingency and commitment</b>  | 12   | -                                    | -                             |
|  |      | (Number of units)                    |                               |
| <b>Number of units in issue</b>  |      | <b>2,721,811,068</b>                 | <b>2,419,928,803</b>          |
|  |      | (Rupees)                             |                               |
| <b>Net assets value per unit</b>   |      | <b>10.6568</b>                       | <b>10.6271</b>                |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2023

|   |     | Half year ended      |                      | Quarter ended        |                      |
|---|-----|----------------------|----------------------|----------------------|----------------------|
|   |     | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2023 | December 31,<br>2022 |
| Note  |     | (Rupees in '000)     |                      |                      |                      |
| <b>Income</b>   |     |                      |                      |                      |                      |
| (Loss) / gain on sale of investments  |     | 4,645                | (3,695)              | 6,113                | (3,046)              |
| Income on spread transactions   |     | -                    | -                    | -                    | -                    |
| Dividend income - spread transactions (listed)  | -   | -                    | -                    | -                    | -                    |
| Income from term deposit receipts   |     | 39,175               | -                    | 26,117               | -                    |
| Income from term finance certificates, sukuks and commercial papers   |     | 340,503              | 350,341              | 168,962              | 174,097              |
| Income from government securities   |     | 97,643               | 249,394              | 60,723               | 147,738              |
| Income from letter of placement   |     | 152,778              | 432,739              | 79,110               | 260,552              |
| Income from certificate of investment   |     | -                    | -                    | -                    | -                    |
| Income from margin trading system   |     | -                    | 26,746               | -                    | 24,931               |
| Profit on bank deposits   |     | 2,615,550            | 3,432,569            | 1,273,859            | 1,851,785            |
| Net unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss'  |     | (16,610)             | (28,212)             | (5,661)              | (3,484)              |
| <b>Total income</b>   |     | <b>3,233,684</b>     | <b>4,459,883</b>     | <b>1,609,223</b>     | <b>2,452,574</b>     |
| <b>Expenses</b>   |     |                      |                      |                      |                      |
| Remuneration to NBP Fund Management Limited - Management Company  | 8.1 | 149,036              | 116,517              | 75,312               | 69,979               |
| Sindh Sales Tax on remuneration to Management Company   | 8.2 | 19,375               | 15,147               | 9,791                | 9,097                |
| Remuneration to Central Depository Company of Pakistan Limited - Trustee  | 9.1 | 10,612               | 20,652               | 5,243                | 11,219               |
| Sindh Sales Tax on remuneration to Trustee  | 9.2 | 1,380                | 2,685                | 682                  | 1,459                |
| Reimbursement of selling and marketing expenses   | 8.3 | 23,813               | 93,907               | 10,485               | 49,885               |
| Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services | 8.4 | 21,224               | 34,421               | 10,485               | 18,699               |
| Annual fee - Securities and Exchange Commission of Pakistan   |     | 10,612               | 5,507                | 5,243                | 2,991                |
| Settlement and bank charges   |     | 526                  | 1,487                | 412                  | 1,107                |
| Auditors' remuneration  | 13  | 552                  | 492                  | 298                  | 232                  |
| Mutual fund rating fee  |     | 145                  | 316                  | 72                   | 178                  |
| Securities transaction cost   |     | 404                  | 73                   | 340                  | 59                   |
| Legal and professional charges  |     | 75                   | 78                   | 37                   | 48                   |
| Annual listing fee  |     | 14                   | 14                   | 7                    | 7                    |
| Printing and other charges  |     | 4                    | 66                   | 4                    | 1                    |
| <b>Total expenses</b>   |     | <b>237,772</b>       | <b>291,363</b>       | <b>118,411</b>       | <b>164,962</b>       |
| <b>Net income from operating activities</b>   |     | <b>2,995,912</b>     | <b>4,168,520</b>     | <b>1,490,812</b>     | <b>2,287,612</b>     |
| <b>Net income for the period before taxation</b>  |     | <b>2,995,912</b>     | <b>4,168,520</b>     | <b>1,490,812</b>     | <b>2,287,612</b>     |
| Taxation  | 14  | -                    | -                    | -                    | -                    |
| <b>Net income for the period</b>  |     | <b>2,995,912</b>     | <b>4,168,520</b>     | <b>1,490,812</b>     | <b>2,287,612</b>     |
| <b>Allocation of net income for the period</b>  |     |                      |                      |                      |                      |
| Net income for the period   |     | 2,995,912            | 4,168,520            | 1,490,812            | 2,287,612            |
| Income already paid on units redeemed   |     | (477,742)            | (1,083,643)          | (321,737)            | (704,462)            |
|   |     | <b>2,518,170</b>     | <b>3,084,877</b>     | <b>1,169,075</b>     | <b>1,583,150</b>     |
| <b>Accounting income available for distribution:</b>  |     |                      |                      |                      |                      |
| - Relating to capital gains   |     | -                    | -                    | -                    | -                    |
| - Excluding capital gains   |     | 2,518,170            | 3,084,877            | 1,169,075            | 1,583,150            |
|   |     | <b>2,518,170</b>     | <b>3,084,877</b>     | <b>1,169,075</b>     | <b>1,583,150</b>     |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2023**

|  | <b>Half year ended</b>              |                         | <b>Quarter ended</b>    |                         |
|--|-------------------------------------|-------------------------|-------------------------|-------------------------|
|  | <b>December 31,</b>                 | <b>December 31,</b>     | <b>December 31,</b>     | <b>December 31,</b>     |
|  | <b>2023</b>                         | <b>2022</b>             | <b>2023</b>             | <b>2022</b>             |
|  | <b>----- (Rupees in '000) -----</b> |                         |                         |                         |
| Net income for the period                        | <b>2,995,912</b>                    | 4,168,520               | <b>1,490,812</b>        | 2,287,612               |
| Other comprehensive income                       | -                                   | -                       | -                       | -                       |
| <b>Total comprehensive income for the period</b> | <b><u>2,995,912</u></b>             | <b><u>4,168,520</u></b> | <b><u>1,490,812</u></b> | <b><u>2,287,612</u></b> |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

|  | Half year ended<br>December 31, 2023 |                      |                   |                   |                      |                   |
|--|--------------------------------------|----------------------|-------------------|-------------------|----------------------|-------------------|
|  | 2023                                 |                      |                   | 2022              |                      |                   |
|  | Value                                | Undistributed income | Total             | Value             | Undistributed income | Total             |
|  | (Rupees in '000)                     |                      |                   |                   |                      |                   |
| Net assets at beginning of the year  | 25,333,110                           | 383,694              | 25,716,804        | 38,994,679        | 205,427              | 39,200,106        |
| Issue of 3,363,440,597 units (2022: 8,623,810,842 units)   |                                      |                      |                   |                   |                      |                   |
| - Capital value  | 35,743,620                           | -                    | 35,743,620        | 90,989,828        | -                    | 90,989,828        |
| - Element of income  | 439,676                              | 439,676              | 879,352           | 977,620           | -                    | 977,620           |
| Total proceeds on issuance of units  | 36,183,296                           | -                    | 36,183,296        | 91,967,448        | -                    | 91,967,448        |
| Redemption of 3,061,558,332 units (2022: 6,401,817,857 units)  |                                      |                      |                   |                   |                      |                   |
| - Capital value  | (32,535,487)                         | -                    | (32,535,487)      | (67,545,580)      | -                    | (67,545,580)      |
| - Element of loss  | (131,666)                            | (477,742)            | (609,408)         | (281,855)         | (1,083,643)          | (1,365,498)       |
| Total payments on redemption of units  | (32,667,153)                         | (477,742)            | (33,144,895)      | (67,827,435)      | (1,083,643)          | (68,911,078)      |
| Interim Distribution for the year ended 31 December 2023: Re. 0.3658 On August 29 2023<br>(Date of distribution: 30 August 2022 Rs. 02597 Per Unit)  |                                      |                      |                   |                   |                      |                   |
| - Capital value  | -                                    | (832,288)            | (832,288)         | -                 | (786,883)            | (786,883)         |
| - Refund of capital  | (80,705)                             | -                    | (80,705)          | (398,456)         | -                    | (398,456)         |
| Total distribution   | (80,705)                             | (832,288)            | (912,993)         | (398,456)         | (786,883)            | (1,185,339)       |
| Interim Distribution for the year ended 31 December 2023: Re. 0.3541 On 24 October 2023<br>(Date of distribution: 27 October 2022 Per Unit 0.2581)   |                                      |                      |                   |                   |                      |                   |
| - Capital value  | -                                    | (824,969)            | (824,969)         | -                 | (1,167,810)          | (1,167,810)       |
| - Refund of capital  | (93,631)                             | -                    | (93,631)          | (127,459)         | -                    | (127,459)         |
| Total distribution   | (93,631)                             | (824,969)            | (918,600)         | (127,459)         | (1,167,810)          | (1,295,269)       |
| Interim Distribution for the year ended 31 December 2023: Re. 0.4012 on 27 December 2023<br>(Date of distribution: 27 December 2022 0.2738 Per Unit) |                                      |                      |                   |                   |                      |                   |
| - Capital value  | -                                    | (784,133)            | (784,133)         | -                 | (1,014,733)          | (1,014,733)       |
| - Refund of capital  | (129,609)                            | -                    | (129,609)         | (146,287)         | -                    | (146,287)         |
| Total distribution   | (129,609)                            | (784,133)            | (913,742)         | (146,287)         | (1,014,733)          | (1,161,020)       |
| Total comprehensive income for the year  | -                                    | 2,995,912            | 2,995,912         | -                 | 4,168,520            | 4,168,520         |
| <b>Net assets at end of the year</b>   | <b>28,545,308</b>                    | <b>460,474</b>       | <b>29,005,782</b> | <b>62,462,490</b> | <b>320,878</b>       | <b>62,783,368</b> |
| Undistributed income brought forward   |                                      |                      |                   |                   |                      |                   |
| - Realized   |                                      | 427,672              |                   |                   | 164,228              |                   |
| - Unrealized   |                                      | (43,978)             |                   |                   | 41,199               |                   |
|  |                                      | 383,694              |                   |                   | 205,427              |                   |
| Accounting income available for distribution:  |                                      |                      |                   |                   |                      |                   |
| - Relating to capital gains  |                                      | -                    |                   |                   | -                    |                   |
| - Excluding capital gains  |                                      | 2,518,170            |                   |                   | 3,084,877            |                   |
|  |                                      | 2,518,170            |                   |                   | 3,084,877            |                   |
| - Interim distribution   |                                      | (2,441,390)          |                   |                   | (2,969,426)          |                   |
| Undistributed income carried forward   |                                      | 460,474              |                   |                   | 320,878              |                   |
| Undistributed income carried forward   |                                      |                      |                   |                   |                      |                   |
| - Realized   |                                      | 477,084              |                   |                   | 349,091              |                   |
| - Unrealized   |                                      | (16,610)             |                   |                   | (28,212)             |                   |
|  |                                      | 460,474              |                   |                   | 320,878              |                   |
|  |                                      |                      | (Rupees)          |                   |                      | (Rupees)          |
| Net assets value per unit at beginning of the year   |                                      |                      | 10.6271           |                   |                      | 10.5510           |
| Net assets value per unit at end of the year   |                                      |                      | 10.6568           |                   |                      | 10.5744           |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2023

|  | Half year ended              |                      |
|--|------------------------------|----------------------|
|  | December 31,<br>2023         | December 31,<br>2022 |
| Note   | ----- (Rupees in '000) ----- |                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                              |                      |
| Net income for the period  | 2,995,912                    | 4,168,520            |
| <b>Adjustments:</b>  |                              |                      |
| Net unrealised appreciation / (diminution) on re-measurement of investments at 'fair value through profit or loss' | 16,610                       | 28,212               |
|  | <b>3,012,522</b>             | 4,196,732            |
| <b>Increase / (decrease) in assets</b>   |                              |                      |
| Investments  | (2,662,844)                  | (2,854,301)          |
| Profit receivables   | (41,381)                     | (471,880)            |
| Receivable against Margin Trading System   | -                            | (412,906)            |
| Advance, deposit and prepayment  | 276                          | 301                  |
| Receivable against Conversion of Units   | (998,702)                    | 525,522              |
| Receivable against Sale of Investment  | -                            | (4,638,337)          |
|  | <b>(3,702,651)</b>           | (7,851,601)          |
| <b>Decrease / (increase) in liabilities</b>  |                              |                      |
| Payable to NBP Fund Management Limited - Management Company  | 2,879                        | 57,125               |
| Payable to Central Depository Company of Pakistan Limited - Trustee  | 268                          | 1,378                |
| Payable to Securities and Exchange Commission of Pakistan  | (8,072)                      | (3,091)              |
| Payable against purchase of investment   | -                            | 30,745               |
| Accrued expenses and other liabilities   | 42,863                       | 118,058              |
|  | <b>37,938</b>                | 204,215              |
| <b>Net cash generated from operating activities</b>  | <b>(652,191)</b>             | (3,450,653)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                              |                      |
| Amounts received against issuance of units   | 35,879,351                   | 91,295,246           |
| Payment against redemption of units  | (33,245,287)                 | (68,911,078)         |
| Distribution paid  | (2,441,390)                  | (2,969,426)          |
| <b>Net cash used in financing activities</b>   | <b>192,674</b>               | 19,414,742           |
| <b>Net increase in cash and cash equivalents</b>   | <b>(459,517)</b>             | 15,964,089           |
| Cash and cash equivalents at beginning of the period   | 22,361,339                   | 33,577,976           |
| <b>Cash and cash equivalents at end of the period</b>  | <b>21,901,822</b>            | 49,542,065           |

4

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



**NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2023****1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** NBP Financial Sector Income Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and the 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 July 11, 2011 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Funds Association of Pakistan (MUFAP).
- 1.3** The Fund is an open-ended mutual fund classified as an "income scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The core objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector term finance certificates (TFCs) / sukuks, bank deposits and short-term money market instruments.
- 1.5** The Pakistan Credit Rating Agency (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company and stability rating of 'A+(f)' to the Fund.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.7** The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unitholders of the Fund as stated in the Offering Document.

The cost of premium is borne by the investor (where applicable). Such premium cost is deducted from the unit holder's investment on a monthly basis in case of life insurance and annual basis in case of health insurance and deposited with the Insurance Company / Takaful Operator by the Management Company as per the terms and conditions of the Insurance / Takaful coverage defined in the Insurance / Takaful policy document signed between the Insurance Company / Takaful Operator and Management Company.

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

**2 BASIS OF PREPARATION****2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- provisions of and directives issued under the Companies Act, 2017 ; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations) and requirements of the Trust Deed.

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

**2.1.2** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2023.

**2.1.3** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2023.

## **2.2 Basis of Measurement**

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

## **2.3 Functional and presentation currency**

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

## **3 SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

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

**3.1** The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2023.

**3.2** The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**3.3** There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial information.

**3.4** The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2023

# NBP FINANCIAL SECTOR INCOME FUND



**NBP FUNDS**

Managing Your Savings

NBP Fund Management Limited

|   |                      | (Un-audited)<br>31 December<br>2023 | (Audited)<br>30 June<br>2023 |
|---|----------------------|-------------------------------------|------------------------------|
| 4 | <b>BANK BALANCES</b> | Note                                | ----- (Rupees in '000) ----- |
|   | In current accounts  | 837                                 | 797                          |
|   | In savings accounts  | 4.1 21,900,985                      | 22,360,542                   |
|   |                      | <u>21,901,822</u>                   | <u>22,361,339</u>            |

4.1 These accounts carry profit at the rates ranging from 20.50% to 24% (30 June 2023: 19.50% to 23.25%) per annum.

|   |  | (Un-audited)<br>31 December<br>2023 | (Audited)<br>30 June<br>2023 |
|---|--|-------------------------------------|------------------------------|
| 5 | <b>INVESTMENTS</b>   | Note                                | ----- (Rupees in '000) ----- |
|   | <b>Investments by category</b>                                 |                                     |                              |
|   | <b>Financial assets 'at fair value through profit or loss'</b> |                                     |                              |
|   | Term finance certificates (TFCs) and sukuks - listed           | 5.1 667,423                         | 1,117,145                    |
|   | Term finance certificates (TFCs) and sukuks - unlisted         | 5.2 1,959,175                       | 2,012,386                    |
|   | GoP Ijarah Sukuk Certificates                                  | 5.3 323,061                         |                              |
|   | Market Treasury Bills  | 5.4 1,512,212                       | -                            |
|   | Pakistan Investment Bonds                                      | 5.5 1,313,895                       | -                            |
|   | Letter of placement  | 5.6 -                               | -                            |
|   | Term deposit receipts(TDR)                                     | 5.7 -                               | -                            |
|   |  | <u>5,775,766</u>                    | <u>3,129,531</u>             |

5.1 Term finance certificates (TFCs) and sukuks - listed

| Name of the investee company      | Note | As at 1 July<br>2023 | Purchases<br>during<br>the year | Sales / matured<br>during the<br>year | As at 31<br>December 2023 | Market value/<br>carrying<br>value as at 31<br>December 2023 | Market value/<br>carrying value<br>as a percentage<br>of net assets | Market value/<br>carrying value<br>as a percentage<br>of total investments |
|-----------------------------------|------|----------------------|---------------------------------|---------------------------------------|---------------------------|--|---|--|
|                                   |      |                      |                                 |                                       |                           | (Rupees in '000)   |   | (%)  |
| JS Bank Limited - TFC             |      | 1,150                | -                               | 1,150                                 | -                         | -  | -   | -  |
| Hub Power Company Limited - Sukuk |      | 2,416                | -                               | -                                     | 2,416                     | 60,495   | 0.21  | 1.05   |
| K- Electric - Sukuk               |      | 132,576              | -                               | -                                     | 132,576                   | 501,991  | 1.73  | 8.69   |
| K- Electric - Sukuk               |      | -                    | 1,180                           | 1,180                                 | -                         | -  | -   | -  |
| Soneri bank                       |      | 1,050                | 1,050                           | -                                     | 1,050                     | 104,937  | 0.36  | 1.82   |
| Hub Power Company Limited - Sukuk |      | 8150                 | -                               | 8,150                                 | -                         | -  | -   | -  |
|                                   |      | <u>145,342</u>       | <u>2,230</u>                    | <u>10,480</u>                         | <u>136,042</u>            | <u>667,423</u>   | <u>2.30</u>   | <u>11.56</u>   |

Carrying value before fair value adjustments as at 31 December 2023

671,314

# NBP FINANCIAL SECTOR INCOME FUND



**NBP FUNDS**  
Managing Your Savings

NBP Fund Management Limited

## 5.2 Term finance certificates (TFCs) and sukus - unlisted

| Name of the investee company  | Note | As at 1 July 2023 | Purchases during the year | Sales / matured during the year | As at 31 December 2023 | Market value/ carrying value as at 31 December 2023 | Market value/ carrying value as a percentage of net assets | Market value/ carrying value as a percentage of total investments |
|---|------|-------------------|---------------------------|---------------------------------|------------------------|---|--|---|
| (Number of certificates)  |      |                   |                           |                                 | (Rupees in '000)       | (%)   |  |   |
| Jahangir Siddiqui and Company Limited                               |      | 28,000            | -                         | 28,000                          | -                      | -   | -  | -   |
| Jahangir Siddiqui and Company Limited                               |      | 32,800            | -                         | 32,800                          | -                      | -   | -  | -   |
| Askari Commercial Bank Limited                                      |      | 283               | -                         | -                               | 283                    | 281,585   | 0.97   | 4.88  |
| Bank of Punjab  |      | 500               | -                         | -                               | 500                    | 50,307  | 0.17   | 0.87  |
| Hub Power Holding Limited - Sukuk                                   |      | 6,000             | -                         | -                               | 6,000                  | 611,940   | 2.11   | 10.59   |
| Meezan Sukuk  |      | 172               | -                         | -                               | 172                    | 169,604   | 0.58   | 2.94  |
| Samba Bank Limited  |      | 8,464             | -                         | -                               | 8,464                  | 845,739   | 2.92   | 14.64   |
| Lucky Electric Power Company  |      |                   | 500                       | 500                             | -                      | -   | -  | -   |
|   |      | <b>76,219</b>     | <b>500</b>                | <b>61,300</b>                   | <b>15,419</b>          | <b>1,959,175</b>                                    | <b>6.75</b>  | <b>33.92</b>  |
| Carrying value before fair value adjustments as at 31 December 2023 |      |                   |                           |                                 |                        | <b>1,967,169</b>                                    |  |   |

## 5.3 GoP Ijarah Sukuk Certificates

| Name of the investee company  | Note | As at 1 July 2023 | Purchases during the year | Sales / matured during the year | As at 31 December 2023 | Market value/ carrying value as at 31 December 2023 | Market value/ carrying value as a percentage of net assets | Market value/ carrying value as a percentage of total investments |
|---|------|-------------------|---------------------------|---------------------------------|------------------------|---|--|---|
| (Number of certificates)  |      |                   |                           |                                 | (Rupees in '000)       | (%)   |  |   |
| GIS-VRR-39 09-OCT-23 09-OCT-24                                      |      | -                 | 215,000                   | 213,080                         | 1,920                  | 9,699   | 0.03   | 0.17  |
| GIS-VRR-40 1y 04-DEC-23 04-DEC-24                                   |      | -                 | 5,000                     | -                               | 5,000                  | 25,125  | 0.09   | 0.44  |
| GIS-VRR-41 3y 04-DEC-23 04-26                                       |      | -                 | 15,000                    | -                               | 15,000                 | 75,090  | 0.26   | 1.30  |
| GIS-VRR-42 5y 04-DEC-23 04-28                                       |      | -                 | 20,000                    | -                               | 20,000                 | 99,960  | 0.34   | 1.73  |
| GIS-FRR-32 3y 04-DEC-23 04-Dec-26                                   |      | -                 | 15,000                    | -                               | 15,000                 | 75,263  | 0.26   | 1.30  |
| GOPIS-01 1y 11-DEC-23 09-DEC-24                                     |      | -                 | 8,955                     | -                               | 8,955                  | 37,924  | 0.13   | 0.66  |
|   |      | -                 | <b>279,955</b>            | <b>335,680</b>                  | <b>96,713</b>          | <b>323,061</b>                                      | <b>1.11</b>  | <b>5.60</b>   |
| Carrying value before fair value adjustments as at 31 December 2023 |      |                   |                           |                                 |                        | <b>322,070</b>                                      |  |   |

## 5.3.1 Significant terms and conditions of term finance certificates, sukus and GoP outstanding at the year end are as follows:

| Name of securities                                  | Number of certificates | Repayment frequency | Unredeemed face value (Rupees) | Mark-up rate (per annum) | Issue date       | Maturity date    | Rating |
|---|------------------------|---------------------|--------------------------------|--------------------------|------------------|------------------|--------|
| <b>Listed term finance certificates and sukus</b>   |                        |                     |                                |                          |                  |                  |        |
| Hub Power Company Limited - Sukuk                   | 2,416                  | Semi Annually       | 60,400,000                     | 1 - Year Kibor 1.90%     | 19 March 2020    | 19 March 2024    | AA+    |
| K- Electric - Sukuk                                 | 132,576                | Quarterly           | 497,160,000                    | 3 - month Kibor 1.70%    | 03 August 2020   | 03 August 2027   | AA+    |
| Soneri bank   | 1,050                  | Semi Annually       | 104,958,000                    | 6 - month Kibor 1.70%    | 26 December 2022 | 26 December 2032 | A+     |
| <b>Unlisted term finance certificates and sukus</b> |                        |                     |                                |                          |                  |                  |        |
| Askari Commercial Bank Limited                      | 283                    | Quarterly           | 283,000,000                    | 3 - month Kibor 1.20%    | 17 March 2020    | 17 March 2030    | AA     |
| Bank of Punjab                                      | 500                    | Semi Annually       | 49,890,000                     | 6 - month Kibor 1.25%    | 23 April 2018    | 23 April 2028    | AA     |
| Hub Power Holding Limited - Sukuk                   | 6,000                  | Semi Annually       | 600,000,000                    | 6 - month Kibor 2.25%    | 12 November 2020 | 12 November 2025 | AA+    |
| Meezan Sukuk  | 172                    | Semi Annually       | 172,000,000                    | 6 - month Kibor 0.35%    | 16 December 2021 | 16 December 2031 | AAA    |
| Samba Bank Limited                                  | 8,464                  | Semi Annually       | 845,553,600                    | 6 - month Kibor 1.35%    | 01 March 2021    | 01 March 2031    | AA-    |
| GIS-VRR-39 09-OCT-23 09-OCT-24                      | 1,920                  | Semi Annually       | 9,600,000                      | 6 - month Kibor 0.36%    | 09 October 2023  | 09 October 2024  | AAA    |
| GIS-VRR-40 1y 04-DEC-23 04-DEC-24                   | 5,000                  | Semi Annually       | 25,000,000                     | 6 - month Kibor 1%       | 12 December 2023 | 04 December 2024 | AAA    |
| GIS-VRR-41 3y 04-DEC-23 04-26                       | 15,000                 | Semi Annually       | 75,000,000                     | 6 - month Kibor 0.21%    | 04 December 2023 | 04 December 2026 | AAA    |
| GIS-VRR-42 5y 04-DEC-23 04-28                       | 20,000                 | Semi Annually       | 100,000,000                    | 6 - month Kibor 1%       | 04 December 2023 | 04 December 2028 | AAA    |
| GIS-FRR-32 3y 04-DEC-23 04-Dec-26                   | 15,000                 | Semi Annually       | 75,000,000                     | Fixed Rate of return     | 04 December 2023 | 04 December 2026 | AAA    |
| GOPIS-01 1y 11-DEC-23 09-DEC-24                     | 8,955                  | Annual              | 44,775,000                     | Fixed Rate of return     | 04 December 2023 | 04 December 2024 | AAA    |

# NBP FINANCIAL SECTOR INCOME FUND



**NBP FUNDS**

Managing Your Savings

NBP Fund Management Limited

## 5.4 Market Treasury Bills

| Issue date  | Tenor     | Face value        |                           |                                 |                        | Market value / carrying value as at 31 December 2023 | Market value as a percentage of net assets | Market value as a percentage of total investments |     |
|---|-----------|-------------------|---------------------------|---------------------------------|------------------------|--|--|---|-----|
|   |           | As at 1 July 2023 | Purchases during the year | Sales / matured during the year | As at 31 December 2023 |  |  |   |     |
|   |           | (Rupees in '000)  |                           |                                 |                        |  |  |   | (%) |
|   |           |                   |                           |                                 |                        |  |  |   |     |
| 10 August 2023  | 3 months  | -                 | 750,000                   | 750,000                         | -                      | -  | -  | -   |     |
| 10 August 2023  | 3 months  | -                 | 250,000                   | 250,000                         | -                      | -  | -  | -   |     |
| 05 October 2023   | 3 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 19 October 2023   | 3 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 19 October 2023   | 6 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 19 October 2023   | 12 months | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 02 November 2023  | 3 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 02 November 2023  | 6 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 02 November 2023  | 12 months | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 16 November 2023  | 3 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 16 November 2023  | 6 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 16 November 2023  | 12 months | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 30 November 2023  | 3 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 30 November 2023  | 12 months | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 30 November 2023  | 6 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 30 November 2023  | 12 months | -                 | 650,000                   | 650,000                         | -                      | -  | -  | -   |     |
| 21 September 2023   | 3 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 30 November 2023  | 12 months | -                 | 2,500,000                 | 2,500,000                       | -                      | -  | -  | -   |     |
| 14 December 2023  | 6 months  | -                 | 500,000                   | 500,000                         | -                      | -  | -  | -   |     |
| 19 October 2023   | 12 months | -                 | 730,400                   | 730,400                         | -                      | -  | -  | -   |     |
| 14 December 2023  | 12 months | -                 | 500,000                   | -                               | 500,000                | 415,938  | 1.43                                       | 7.20  |     |
| 16 November 2023  | 12 months | -                 | 1,300,000                 | -                               | 1,300,000              | 1,096,274  | 3.78                                       | 18.98   |     |
|   |           | -                 | 514,180,400               | 512,380,400                     | 1,800,000              | 1,512,212  | 5.21                                       | 26.18   |     |
| Carrying value before fair value adjustments as at 31 December 2023 |           | -                 |                           |                                 |                        | 1,513,391  |  |   |     |

## 5.5 Pakistan Investment Bonds

Pakistan Investment Bonds

| Issue date  | Tenor  | Face value           |                                   |  |                              | Market value/<br>carrying<br>value as at 31<br>December 2023 | Market value as<br>percentage of net<br>assets | Market value as<br>percentage of total<br>investments |
|---|--------|----------------------|-----------------------------------|--|------------------------------|--|--|---|
|   |        | As at 1 July<br>2023 | Purchases<br>during the<br>period | Sales /<br>matured<br>during the<br>period | As at 31<br>December<br>2023 |  |  |   |
|   |        | (Rupees in '000)     |                                   |  |                              |  |  |   |
| 22 October 2020   | 3 Year |                      | 1,000,000                         | 1,000,000                                  | -                            | -  | -  |   |
| 30 December 2021  | 2 Year | -                    | 400,000                           | 400,000                                    | -                            | -  | -  |   |
| 30 December 2021  | 2 Year | -                    | 100,000                           | 100,000                                    | -                            | -  | -  |   |
| 30 December 2021  | 2 Year | -                    | 150,000                           | 150,000                                    | -                            | -  | -  |   |
| 30 December 2021  | 2 Year | -                    | 50,000                            | 50,000                                     | -                            | -  | -  |   |
| 30 December 2021  | 2 Year | -                    | 200,000                           | 200,000                                    | -                            | -  | -  |   |
| 04 July 2023  | 3 Year | -                    | 300,000                           | 300,000                                    | -                            | -  | -  |   |
| 19 October 2023   | 5 Year | -                    | 300,000                           | 300,000                                    | -                            | -  | -  |   |
| 04 July 2023  | 3 Year | -                    | 350,000                           | 350,000                                    | -                            | -  | -  |   |
| 21 September 2023   | 5 Year | -                    | 750,000                           | -  | 750,000                      | 728,775  | 2.51   | 12.62   |
| 19 October 2023   | 3 Year | -                    | 300,000                           | -  | 300,000                      | 294,330  | 1.01   | 5.10  |
| 19 October 2023   | 5 Year | -                    | 300,000                           | -  | 300,000                      | 290,790  | 1.00   | 5.03  |
|   |        | -                    | 4,200,000                         | 2,850,000                                  | 1,350,000                    | 1,313,895  | 4.52   | 22.75   |
| Carrying value before fair value adjustments as at 31 December 2023 |        |                      |                                   |  |                              | 1,318,432  |  |   |



## 5.6 Letter of Placement

|            |                        | Face value           |                                 |                                       |                              | Market value /<br>carrying value as<br>at 31 December<br>2023 | Market value as<br>a percentage of<br>net assets | Market value as<br>a percentage of<br>total<br>investments |
|------------|------------------------|----------------------|---------------------------------|---------------------------------------|------------------------------|---|--|--|
| Issue date | Counter Party          | As at 1 July<br>2023 | Purchases<br>during the<br>year | Sales /<br>matured<br>during the year | As at 31<br>December<br>2023 |   |  |  |
|            |                        | (Rupees in '000)     |                                 |                                       |                              | (%)   |  |  |
| 31-JUL-23  | Pak-Oman Inv. Co. Ltd. | -                    | 2,500,000                       | 2,500,000                             | -                            | -   | -  | -  |
| 04-AUG-23  | Pak-Libya Holding Co.  | -                    | 2,000,000                       | 2,000,000                             | -                            | -   | -  | -  |
| 15-SEP-23  | Pak-Libya Holding Co.  | -                    | 2,051,896                       | 2,051,896                             | -                            | -   | -  | -  |
| 28-SEP-23  | Pak-Libya Holding Co.  | -                    | 2,068,376                       | 2,068,376                             | -                            | -   | -  | -  |
| 31-OCT-23  | Pak-Libya Holding Co.  | -                    | 2,110,732                       | 2,110,732                             | -                            | -   | -  | -  |
|            |                        | -                    | 10,731,004                      | 10,731,004                            | -                            | -   | -  | -  |

Carrying value before fair value adjustments as at 31 Decemehr 2023

-

## 5.7 Term deposit receipts(TDR)

| Issue Description                      | Face value                  |                                 |                                       |                               | Market value /<br>carrying value as<br>at December 31,<br>2023 | Market value as<br>a percentage of<br>net assets | Market value as<br>a percentage of<br>total<br>investments |
|--|-----------------------------|---------------------------------|---------------------------------------|-------------------------------|--|--|--|
|  | As at July 01,<br>2023      | Purchases<br>during the<br>year | Sales /<br>matured<br>during the year | As at<br>December<br>31, 2023 |  |  |  |
|  | ----- Rupees in '000' ----- |                                 |                                       |                               |  |  |  |
| Soneri Bank Ltd. 26-SEP-23 - 11-OCT-23 |                             | 4,100,000                       | 4,100,000                             | -                             | -  | -  | -  |
|  | -                           | 4,100,000                       | 4,100,000                             | -                             | -  | -  | -  |

Carrying value before fair value adjustments as at 31 December 2023

-

| Note | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|------|--------------------------------------|-------------------------------|
|      | ----- (Rupees in '000) -----         |                               |

## 6 PROFIT RECEIVABLES

|  |                |                |
|--|----------------|----------------|
| Profit receivables on savings accounts       | <b>361,416</b> | 398,045        |
| Accrued mark-up on Term finance certificates | <b>125,718</b> | 127,439        |
| Accrued mark-up on Government securities     | <b>79,731</b>  | -              |
|  | <b>566,865</b> | <b>525,484</b> |

|   |  | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|---|--|--------------------------------------|-------------------------------|
| 7 | <b>ADVANCE, DEPOSIT AND PREPAYMENT</b> | Note                                 | ----- (Rupees in '000) -----  |
|   | Advance tax                            | 7.1                                  | 3,803                         |
|   | Security deposit                       |                                      | 2,850                         |
|   | Prepaid mutual fund rating fee         |                                      | 14                            |
|   |  |                                      | <u>6,667</u>                  |
|   |  |                                      | <u>6,943</u>                  |

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on profit on bank deposit and investment paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008- VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends, profit on bank deposits and profit on letter of placement as at 31 Decemebrr 2023 amounts to Rs. 3,803 ( June 2023: Rs. 3,803 million). In the opinion of the management, the amount of tax deducted at source will be refunded in coming years.

|   |   | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|---|---|--------------------------------------|-------------------------------|
| 8 | <b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>  | Note                                 | ----- (Rupees in '000) -----  |
|   | Management remuneration   | 8.1                                  | 24,820                        |
|   | Sindh Sales Tax on Management remuneration  | 8.2                                  | 3,227                         |
|   | Sales load and transfer load  |                                      | 19,055                        |
|   | Sindh Sales Tax on sales and transfer load  |                                      | 2,477                         |
|   | Reimbursement of selling and marketing expenses   | 8.3                                  | 10,485                        |
|   | Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services | 8.4                                  | 10,485                        |
|   | Other expenses  |                                      | 1,933                         |
|   |   |                                      | <u>72,482</u>                 |
|   |   |                                      | <u>69,603</u>                 |

- 8.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at an effective rate of 1.05% of the average annual net assets of the Fund during the period.
- 8.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. During the year, Sindh Sales Tax at the rate of 13% was charged on management remuneration and sales load.
- 8.3** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at an effective rate of 0.17% of the average annual net assets of the Fund during the period:

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

The Management Company based on its discretion has charged accounting and operational charges at an effective rate of 0.15% of the average annual net assets of the Fund during the period:

|   |  | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|---|--|--------------------------------------|-------------------------------|
| 9 | PAYABLE TO CENTRAL DEPOSITORY COMPANY<br>OF PAKISTAN LIMITED - TRUSTEE | Note                                 | ----- (Rupees in '000) -----  |
|   | Trustee remuneration   | 9.1                                  | 1,747                         |
|   | Sindh Sales Tax on Trustee remuneration                                | 9.2                                  | 227                           |
|   |  |                                      | <u>1,974</u>                  |
|   |  |                                      | <u>1,706</u>                  |

- 9.1** Effective from 1 July 2019 the Trustee has charged remuneration at the rate of 0.075% per annum of net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

- 9.2** The sindh Provincial Government levied Sindh Sales tax on the Remuneration of the trustee through Sindh Sales tax on Services Act, 2011 effective from 1 July 2015. during the year, Sindh Sales Tax at the rate of 13% was Charged on trustee remuneration.

## 10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2023, the SECP vide SRO No. 692(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.075% per annum of the daily net assets of the Fund, applicable to "Income Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund. Accordingly, the Fund has charged the SECP fee at the rate of 0.075% per annum of the daily net assets during the period.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

|    |  | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|----|--|--------------------------------------|-------------------------------|
| 11 | ACCRUED EXPENSES AND OTHER LIABILITIES                       | Note                                 | ----- (Rupees in '000) -----  |
|    | Federal Excise Duty on remuneration to<br>Management Company | 11.1                                 | 14,948                        |
|    | Federal Excise Duty on sales and transfer load               |                                      | 467                           |
|    | Auditors' remuneration                                       |                                      | 540                           |
|    | Printing charges   |                                      | 53                            |
|    | Bank and CDC charges   |                                      | 150                           |
|    | Withholding tax  |                                      | 85,506                        |
|    | Capital gain tax   |                                      | 21,642                        |
|    | Legal and professional charges                               |                                      | 68                            |
|    | Brokerage  |                                      | 72                            |
|    | Others   |                                      | 28,827                        |
|    |  |                                      | <u>152,273</u>                |
|    |  |                                      | <u>109,410</u>                |



- 11.1** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on 4 September 2013.

The Honorable Sindh High Court (SHC) through its order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) on services, other than shipping agents and related services, is ultra vires to the Constitution from 1 July 2011. However, the declaration made by the Honorable Court, as directed, will have effect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 16.444 million out of which Rs. 1.496 million have been paid to the Management Company (30 June 2023: Rs. 1.496 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.0054 (30 June 2023: Re. 0.0061) per unit.

## 12 CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 31 December 2023, except as disclosed elsewhere.

|    |   | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|----|---|--------------------------------------|-------------------------------|
| 13 | AUDITORS' REMUNERATION                                      | Note                                 | ----- (Rupees in '000) -----  |
|    | Annual audit fee  | 278                                  | 468                           |
|    | Half yearly review  | 231                                  | 193                           |
|    | Other certifications  | -                                    | 70                            |
|    | Out of pocket expenses and others including government levy | 43                                   | 85                            |
|    |   | <u>552</u>                           | <u>816</u>                    |

## 14 TAXATION

- 14.1** 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 accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2024 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these condensed interim financial statements during the period..

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.

## 15 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period is 1.68% (December 31, 2022: 1.06%) which includes 0.22% (December 31, 2022: 0.09%) representing government levy including sales tax and the SECP fee. The prescribed limit for the ratio is 2.5% (December 31, 2022: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

## 16 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

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

|   | (Un-audited)<br>December 31,<br>2023 | (Un-audited)<br>December 31,<br>2022 |
|---|--------------------------------------|--------------------------------------|
| <b>16.5 Transactions during the period:</b>   | <b>----- (Rupees in '000) -----</b>  |                                      |
| <b>NBP Fund Management Limited - Management Company</b>   |                                      |                                      |
| Remuneration to Management Company  | <b>149,036</b>                       | 116,517                              |
| Sindh Sales Tax on remuneration to Management Company   | <b>19,375</b>                        | 15,147                               |
| Sales load and transfer load including SST  | -                                    | 6,422                                |
| Reimbursement of selling and marketing expenses   | <b>23,813</b>                        | 93,907                               |
| Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services | <b>21,224</b>                        | 34,421                               |
| Divided re-invested: 1,680,273 units (2022: Nil units)  | <b>17,867</b>                        | -                                    |
| Units issued: 680 units (2022: Nil units)   | -                                    | -                                    |
| Units redeemed: 13,328,989 units (2022: Nil units)  | <b>146,576</b>                       | -                                    |
| ADC charges including SST   | <b>699</b>                           | 635                                  |
| <b>Central Depository Company Of Pakistan Limited - Trustee</b>   |                                      |                                      |
| Remuneration of the Trustee   | <b>10,612</b>                        | 20,652                               |
| Sindh Sales Tax on Trustee remuneration   | <b>1,380</b>                         | 2,685                                |
| CDC Charges   | <b>232</b>                           | 193                                  |
| <b>National Bank of Pakistan - Parent of the Management Company</b>   |                                      |                                      |
| Mark-up on bank balance   | <b>3,727</b>                         | 1,150                                |
| Purchase of T-Bills   | -                                    | -                                    |
| Sale of T-Bills   | -                                    | -                                    |



|   | (Un-audited)<br>December 31,<br>2023 | (Un-audited)<br>December 31,<br>2022 |
|---|--------------------------------------|--------------------------------------|
|   | ----- (Rupees in '000) -----         |                                      |
| <b>Bank Islami Pakistan Limited (Common Directorship)</b>             |                                      |                                      |
| Mark-up on bank balance   | 1,835                                | 128                                  |
| <b>Taurus Securities Limited (Common Directorship)</b>                |                                      |                                      |
| Brokerage charges   | -                                    | 73                                   |
| <b>Fauji Fertilizer Company Limited (Common Directorship)</b>         |                                      |                                      |
| Units issued: 46,804 units (2022: 2,931,752,432 units)                | 497                                  | 31,032,169                           |
| Units redeemed: Nil units (2022: 2,416,851,994 units)                 | -                                    | 26,077,696                           |
| Dividend re-invested: 82,017 units (2022: 24,354,594 units)           | 872                                  | 257,075                              |
| <b>HAIDER AMJAD (close family member of key management personnel)</b> |                                      |                                      |
| Dividend re-invested: 1,078 units (2022: Nil units)                   | 11                                   | -                                    |
| Units Issued / Trasferred In 38,752 units (2022: 175,960 units)       | 412                                  | 1,895                                |
| Units Redeemed / Transferred Out 158,935 units (2022: 175,960 units)  | 1,701                                | 1,896                                |
| <b>K-Electric (Common Directorship)</b>                               |                                      |                                      |
| TFC / Sukuk - Buy   | -                                    | 500,000                              |
| <b>Baltoro Partners Pvt Limited - Sponsor</b>                         |                                      |                                      |
| Dividend Re-invest Units Issued 10,464 units (2022: Nil units)        | 111                                  | -                                    |
| Units Issued / Trasferred In 1,600,617 units (2022: Nil units)        | 17,025                               | -                                    |
| Units Redeemed / Transferred Out 1,445,725 units (2022: Nil units)    | 15,550                               | -                                    |
| <b>Khushhali Microfinance Bank Limited (Common Directorship)</b>      |                                      |                                      |
| Mark-up on bank deposit   | 57,871                               | 64,096                               |
| <b>Telenor Microfinance Bank Limited (Common Directorship)</b>        |                                      |                                      |
| Mark-up on bank deposit   | 718                                  | 1,995                                |
| T-bill purchased  | -                                    | 1,000,000                            |
| <b>Employees of the Management Company</b>                            |                                      |                                      |
| Dividend re-invested: 344,661 units (2022: 202,127 units)             | 3,665                                | 2,134                                |
| Units issued: 44,490,201 units (2022: 55,701,109 units)               | 476,630                              | 592,097                              |
| Units redeemed: 55,480,715 units (2022: 49,228,495 units)             | 603,614                              | 529,664                              |
| <b>NBP Government Securities Saving Fund</b>                          |                                      |                                      |
| Purchase of PIB   | -                                    | -                                    |



|   | (Un-audited)<br>December 31,<br>2023 | (Un-audited)<br>December 31,<br>2022 |
|---|--------------------------------------|--------------------------------------|
|   | ----- (Rupees in '000) -----         |                                      |
| <b>Portfolios managed by NBP Funds</b>  |                                      |                                      |
| Dividend re-invested: 301,137 units (2022: 1,789,457)   | 3,201                                | 18,889                               |
| Units issued: 52,736,014 units (2022: 547,892,319)  | 565,300                              | 5,795,187                            |
| Units redeemed: 51,496,979 units (2022: 319,277,489)  | 555,420                              | 3,434,939                            |
| Sold TFCs / Sukuks  | 134,482                              | -                                    |
| <b>Imran Zaffar - Directors</b>   |                                      |                                      |
| Dividend re-invested: 46,039 units (2022: Nil)  | 490                                  | -                                    |
| Units issued: 1,317,399 units (2022: Nil)   | 14,000                               | -                                    |
| Units redeemed: 41,619 units (2022: Nil)  | 450                                  | -                                    |
| <b>CDC Trustee Nbp Income Plan-I</b>  |                                      |                                      |
| Dividend re-invested: Nil units (2022: Nil)   | -                                    | -                                    |
| Units issued: 198,154,707 units (2022: Nil)   | 2,105,856                            | -                                    |
| Units redeemed: 13,768,692 units (2022: Nil)  | 149,100                              | -                                    |
| <b>Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund</b>            |                                      |                                      |
| <b>Ibrahim Holdings Private Limited*</b>  |                                      |                                      |
| Dividend re-invested: Nil units (2022: 82,904,307 units)  | -                                    | 1,007,573                            |
| Units issued: Nil units (2022: 282,966,438 units)   | -                                    | 3,004,000                            |
| Units redeemed: Nil units (2022: Nil units)   | -                                    | -                                    |
|   | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023        |
| <b>16.6 Amounts outstanding at year end</b>   | ----- (Rupees in '000) -----         |                                      |
| <b>NBP Fund Management Limited - Management Company</b>   |                                      |                                      |
| Management remuneration payable   | 24,820                               | 18,995                               |
| Sindh Sales Tax payable   | 3,227                                | 2,469                                |
| Sales load and transfer load payable  | 19,055                               | 6,287                                |
| Sindh Sales Tax on sales and transfer load  | 2,477                                | 817                                  |
| Reimbursement of selling and marketing expenses   | 10,485                               | 27,225                               |
| Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services | 10,485                               | 12,576                               |
| ADC charges including SST   | 1,765                                | 692                                  |
| Other payable   | 635                                  | 542                                  |
| Units held 11,189,191: (30 June 2023: 242,694 ) units   | 119,241                              | 22,837                               |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>   |                                      |                                      |
| Trustee remuneration  | 1,747                                | 1,510                                |
| Sindh Sales Tax on Trustee remuneration   | 227                                  | 196                                  |
| Security deposit  | 100                                  | 100                                  |
| CDC Charges   | 65                                   | -                                    |



|  | (Un-audited)<br>December 31,<br>2023 | (Audited)<br>June 30,<br>2023 |
|--|--------------------------------------|-------------------------------|
|  | ----- (Rupees in '000) -----         |                               |
| <b>National Bank of Pakistan - Parent of the Management Company</b>  |                                      |                               |
| Balance in current account   | -                                    | 325                           |
| Balance in savings account   | 28,263                               | 65,507                        |
| Profit receivable on bank deposit  | 2,911                                | 3,304                         |
| <b>Portfolios managed by NBP Funds</b>   |                                      |                               |
| 4,366,288 units held (30 June 2023: 2,887,781 units)   | 46,531                               | 30,687                        |
| <b>Fauji Fertilizer Company Limited (Common Directorship)</b>  |                                      |                               |
| 977,966 Units held: (30 June 2023: 849,146 units)  | 10,422                               | 9,024                         |
| <b>Khushhali Microfinance Bank Limited (Common Directorship)</b>   |                                      |                               |
| Bank Balance   | 641                                  | 1,052,580                     |
| Interest income receivable   | 880                                  | 26,430                        |
| <b>Telenor Microfinance Bank Limited (Common Directorship)</b>   |                                      |                               |
| Bank Balance   | 50                                   | 25                            |
| Interest income receivable   | 1,207                                | 490                           |
| <b>Bank Islami Pakistan Limited (Common Directorship)</b>  |                                      |                               |
| Bank Balance   | 506                                  | 25,551                        |
| Profit receivable  | 180                                  | 246                           |
| <b>Employees of the Management Company</b>   |                                      |                               |
| 6,483,813 units held (30 June 2023: 15,511,544 units)  | 69,097                               | 164,843                       |
| <b>Khalid Mehmood - CFO</b>  |                                      |                               |
| 2 units held ( 30 June 2023: 2 units)  | -                                    | -                             |
| <b>Imran Zaffar - Directors</b>  |                                      |                               |
| 1,694,170 units held ( 30 June 2023: 372,351 units)  | 18,054                               | 3,957                         |
| <b>Haider Amjad</b>  |                                      |                               |
| 26,754 units held ( 30 June 2023: 145,859 units)   | 285                                  | 1,550                         |
| <b>CDC Trustee NBP Income Plan-I</b>   |                                      |                               |
| 231,546,676 units held (30 June 2023: 47,160,661 units)  | 2,467,547                            | 501,181                       |
| <b>Persons holding directly or indirectly 10% or more of<br/>the units in issue / net assets of the Fund</b> |                                      |                               |
| <b>HQ 11 CORPS OPS FUND</b>  |                                      |                               |
| 276,468,678 units held ( 30 June 2023: 230,649,006 units)  | 2,946,271                            | 2,451,130                     |



(Un-audited) (Audited)  
December 31, June 30,  
2023 2023  
----- (Rupees in '000) -----

**Baltoro Partners Pvt Limited**

178,481 Units held (30 June 2023:Nil Units)

1,902 -

**Ibrahim Holdings Private Limited\***

Nil units held (30 June 2023:Nil Units)

- -

\* Current year balances with these parties have not been disclosed as these were not related parties as at December 31, 2023.

## 17 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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 or indirectly.

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

For valuation techniques for specific instruments, refer note 4.1.3.

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

|  | December 31, 2023 (Un-audited)    |                   |                             |                   |            |           |         |           |
|--|-----------------------------------|-------------------|-----------------------------|-------------------|------------|-----------|---------|-----------|
|  | Carrying value                    |                   |                             |                   | Fair value |           |         |           |
|  | Fair value through profit or loss | Amortised cost    | Other financial liabilities | Total             | Level 1    | Level 2   | Level 3 | Total     |
| Note   | (Rupees in '000)                  |                   |                             |                   |            |           |         |           |
| <b>Financial assets measured at fair value</b>   |                                   |                   |                             |                   |            |           |         |           |
| Investment in term finance certificates - listed   | 667,423                           | -                 | -                           | 667,423           |            | 667,423   |         | 667,423   |
| Investment in term finance certificates - unlisted                                       | 323,061                           | -                 | -                           | 323,061           |            | 323,061   |         | 323,061   |
| Treasury Bills   | 1,512,212                         | -                 | -                           | 1,512,212         |            | 1,512,212 |         | 1,512,212 |
| Pakistan Investment Bonds  | 1,313,895                         | -                 | -                           | 1,313,895         |            | 1,313,895 |         | 1,313,895 |
| Equity securities - listed (Spread transactions)   | -                                 | -                 | -                           | -                 | -          |           |         | -         |
|  | <u>3,816,591</u>                  | <u>-</u>          | <u>-</u>                    | <u>3,816,591</u>  |            |           |         |           |
| <b>Financial assets not measured at fair value</b>                                       | 17.1                              |                   |                             |                   |            |           |         |           |
| Term deposit receipt   | -                                 | -                 | -                           | -                 |            |           |         |           |
| Certificate of investments   | -                                 | -                 | -                           | -                 |            |           |         |           |
| Bank balances  | -                                 | 21,901,822        | -                           | 21,901,822        |            |           |         |           |
| Profit receivables   | -                                 | 566,865           | -                           | 566,865           |            |           |         |           |
| Receivables from fund under management by Management Company against conversion of units | -                                 | 1,028,480         | -                           | 1,028,480         |            |           |         |           |
| Deposit  | -                                 | 100               | -                           | 100               |            |           |         |           |
|  | <u>-</u>                          | <u>23,497,267</u> | <u>-</u>                    | <u>23,497,267</u> |            |           |         |           |



|  |      | December 31, 2023 (Un-audited)    |                   |                             |            |            |           |         |            |
|--|------|-----------------------------------|-------------------|-----------------------------|------------|------------|-----------|---------|------------|
|  |      | Carrying value                    |                   |                             |            | Fair value |           |         |            |
|  |      | Fair value through profit or loss | Amortised cost    | Other financial liabilities | Total      | Level 1    | Level 2   | Level 3 | Total      |
| Note   |      | (Rupees in '000)                  |                   |                             |            |            |           |         |            |
| <b>Financial liabilities not measured at fair value</b> 17.1                             |      |                                   |                   |                             |            |            |           |         |            |
| Payable to NBP Fund Management Limited - Management Company                              |      | -                                 | -                 | 72,482                      | 72,482     |            |           |         |            |
| Payable to Central Depository Company of Pakistan Limited - Trustee                      |      | -                                 | -                 | 1,974                       | 1,974      |            |           |         |            |
| Payable against redemption / conversion of units   |      | -                                 | -                 | 45,331                      | 45,331     |            |           |         |            |
| Net assets attributable to unit holders  |      | -                                 | -                 | -                           | 29,005,782 |            |           |         |            |
| Accrued expenses and other liabilities   |      | -                                 | -                 | 29,711                      | 29,711     |            |           |         |            |
|  |      | -                                 | -                 | 149,498                     | 29,155,280 |            |           |         |            |
| June 30, 2023  |      |                                   |                   |                             |            |            |           |         |            |
|  |      | Carrying value                    |                   |                             |            | Fair value |           |         |            |
|  |      | Fair value through profit or loss | At amortized cost | Other financial liabilities | Total      | Level 1    | Level 2   | Level 3 | Total      |
|  |      | (Rupees in '000)                  |                   |                             |            |            |           |         |            |
| <b>Financial assets measured at fair value</b>   |      |                                   |                   |                             |            |            |           |         |            |
| Investment in term finance certificates - listed   |      | 1,117,145                         | -                 | -                           | 1,117,145  |            | 1,117,145 |         | 1,117,145  |
| Investment in term finance certificates - unlisted                                       |      | 2,012,386                         | -                 | -                           | 2,012,386  |            | 2,012,386 |         | 2,012,386  |
| Treasury Bills   |      | -                                 | -                 | -                           | -          |            | -         |         | -          |
| Pakistan Investment Bonds  |      | -                                 | -                 | -                           | -          |            | -         |         | -          |
| Equity securities - listed (Spread transactions)   |      | -                                 | -                 | -                           | -          | -          |           |         | -          |
|  |      | 3,129,531                         | -                 | -                           | 3,129,531  |            |           |         |            |
| June 30, 2023  |      |                                   |                   |                             |            |            |           |         |            |
|  |      | Carrying value                    |                   |                             |            |            |           |         |            |
|  |      | Fair value through profit or loss | At amortized cost | Other financial liabilities | Total      |            |           |         |            |
|  |      | (Rupees in '000)                  |                   |                             |            |            |           |         |            |
| <b>Financial assets not measured at fair value</b>                                       |      |                                   |                   |                             |            |            |           |         |            |
| Term deposit receipt   | 17.1 |                                   |                   |                             |            |            |           |         |            |
| Certificate of investments   |      |                                   |                   |                             | -          | -          | -         |         | -          |
| Bank balances  |      |                                   |                   |                             | -          |            |           |         | -          |
| Receivable against Margin Trading System   |      |                                   |                   |                             | -          | 22,361,339 | -         |         | 22,361,339 |
| Profit receivables   |      |                                   |                   |                             |            | -          |           |         | -          |
| Receivables from fund under management by Management Company against conversion of units |      |                                   |                   |                             | -          | 525,484    | -         |         | 525,484    |
| Deposit  |      |                                   |                   |                             | -          | 29,778     | -         |         | 29,778     |
|  |      |                                   |                   |                             | -          | 100        | -         |         | 100        |
|  |      |                                   |                   |                             | -          | 22,916,701 | -         |         | 22,916,701 |
| <b>Financial liabilities not measured at fair value</b> 17.1                             |      |                                   |                   |                             |            |            |           |         |            |
| Payable to NBP Fund Management Limited - Management Company                              |      |                                   |                   |                             | -          | -          | 69,603    |         | 69,603     |
| Payable to Central Depository Company of Pakistan Limited - Trustee                      |      |                                   |                   |                             | -          | -          | 1,706     |         | 1,706      |
| Payable against redemption / conversion of units   |      |                                   |                   |                             | -          | -          | 145,723   |         | 145,723    |
| Net assets attributable to unit holders  |      |                                   |                   |                             | -          | -          |           |         | 25,716,803 |
| Accrued expenses and other liabilities   |      |                                   |                   |                             | -          | -          | 38,549    |         | 38,549     |
|  |      |                                   |                   |                             | -          | -          | 255,581   |         | 25,972,384 |



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

## **18 GENERAL**

Figures Have Been Rounded Off To The Nearest Thousand Rupees Unless Otherwise Specified.

These condensed interim financial statements are unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended December 31, 2023 in these condensed interim financial statements, wherever appearing, have not been reviewed by the auditors.

## **18 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 29, 2024.

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

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

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

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



## Head Office

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