



# NBP FINANCIAL SECTOR FUND

**ANNUAL** REPORT  
2024

**AM1**  
Rated by PACRA

# **MISSION STATEMENT**

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

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## FUND'S INFORMATION

### Management Company

**NBP Fund Management Limited - Management Company**

### Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Ms. Mehnaz Salar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Saad Amanullah Khan	Director
Mr. Ruhail Muhammad	Director
Mr. Faisal Ahmed*	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource & Remuneration Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Faisal Ahmed*	Member

### Strategy & Business Planning Committee

Mr. Saad Amanullah Khan	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Faisal Ahmed*	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Khalid Mansoor	Member

\* Pending SECP approval

### Trustee

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

### Bankers to the Fund

MCB Bank Limited  
JS Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
United Bank Limited  
Bank Al Habib Limited  
Allied Bank Limited  
Bankislami Pakistan Limited  
National Bank of Pakistan

## **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

## Board of Directors



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Saad Amanullah Khan**  
Director



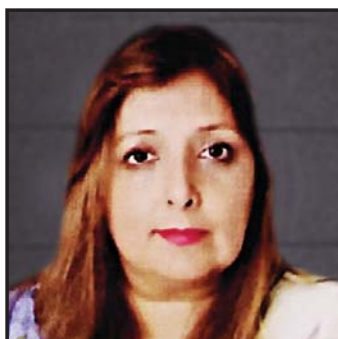
**Mr. Faisal Ahmed\***  
Director



**Mr. Ali Saigol**  
Director



**Mr. Ruhail Muhammad**  
Director



**Ms. Mehnaz Salar**  
Director



**Mr. Imran Zaffar**  
Director

\* Pending SECP approval

## Senior Management



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



**Mr. Muhammad Murtaza Ali**  
Chief Operating Officer &  
Company Secretary



**Mr. Asim Wahab Khan, CFA**  
Chief Investment Officer



**Mr. Ozair Khan**  
Chief Technology Officer



**Mr. Salim S Mehdi**  
Chief Business  
Development Officer



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



**Mr. Khalid Mehmood**  
Chief Financial Officer



**Mr. Salman Ahmed, CFA**  
Head of Fixed Income



**Mr. Shahzad Mithani**  
Head of Corporate &  
HNWIs Sales - South



**Mr. Muhammad Umer Khan**  
Head of Human Resources &  
Administration



**Syed Sharoz Mazhar, CFA**  
Head of Business &  
Sales Strategy



**Mr. Zaheer Iqbal, ACA FPFA**  
Head of Operations



**Mr. Waheed Abidi**  
Head of Internal Audit



**Mr. Hassan Raza, CFA**  
Head of Research



**Mr. Mustafa Farooq**  
Head of Compliance

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Seventh Annual Report for the period ended June 30, 2024, since launch of **NBP Financial Sector Fund (NFSF)** on February 14, 2018.

### Fund's Performance

FY24 was a stellar year for the stock market, as the benchmark KSE-100 index achieved new highs, settling slightly above 78,000 points at period end. During the year, the benchmark Index surged by around 37,000 points, translating into a phenomenal return of 89% in PKR terms and 94% in USD terms, making Pakistan the best performing stock market in the world.

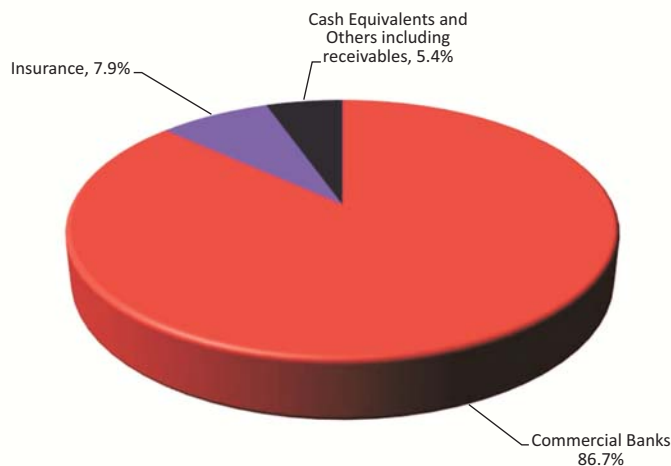
The equities started off on a firm footing and the strong momentum continued throughout the year. The signing of the Staff Level Agreement (SLA) with IMF on June 29th, 2023 was the turning point for stock market. The IMF executive board approved USD 3 billion Stand-By Agreement (SBA) that paved way for other multi-lateral loans and inflows from friendly countries. The multiple loan tranches from IMF and deposits from KSA & UAE augmented the FX reserves, averted a possible balance of payment (BoP) crisis, and helped restore investors' confidence. Fitch also upgraded Pakistan's Long-Term Foreign Currency Issuer Rating. In tandem with SLA, Pakistan's dollar bonds rallied in the international market as bond prices across various tenures surged in the range of 66-93% during the period, reflecting increasing investors' optimism of improving external position. Multilateral inflows, particularly from ADB and World Bank, also gained momentum. Consequently, the SBP's FX reserves improved from USD 4.4 billion to USD 9.4 billion at period end. The improving reserves, coupled with a crackdown against illicit currency trade in the open market, brought calm in currency market. Owing to prudent policies, the economy also showed signs of stabilization. The provisional GDP growth for FY24 improved to 2.38% from 0.21% contraction a year ago, driven by robust agricultural growth. Continuing the improving trend on the external side, the current account deficit (CAD) further dropped to USD 665 mn, compared to USD 3.3 bn in the previous year. Average inflation remained elevated during 1H, however, it precipitated considerably in the latter half, averaging 23.4% for FY24. The waning inflation prompted the Monetary Policy Committee (MPC) to gradually start with an easing cycle, with 150 bps cut taking place towards the end of FY24. Secondary market yields across various tenures fell sharply from their peak, reflecting investors' optimism of significant rate cuts in the next year. The listed corporate space continued to declare impressive results with equally robust dividend announcements. In a significant development, one of the largest auto players delisted its shares from the bourse with the delisting price at least 7x higher than the prevailing price, handing over significant liquidity to investors and igniting strong interest in the market.

In terms of sector-wise performance, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical Goods, Commercial Banks, Engineering, Fertilizer, Leather & Tanneries, Pharmaceutical, Power Generation & Distribution, Refinery, and Transport sectors outperformed the market. On the other hand, Cement, Chemicals, Food & Personal Care, Glass & Ceramics, Insurance, Investment Banks/Companies, Miscellaneous, Oil & Gas Exploration, Oil & Gas Marketing Companies, Paper & Board, Sugar & Allied, Technology & Communication, and Textile Composite sectors lagged behind the market. Regarding participants' market activity, Foreigners, Insurance and Companies emerged as the largest net buyers with inflows of around USD 141 million, USD 126 million, and USD 36 million, respectively. Conversely, Banks/DFIs and Individuals reduced their net holdings by around USD 141 million and USD 60 million, respectively.

During the fiscal year, NBP Financial Sector Fund increased by 139.3% return as against the KSE-30 Total Return Index increased by 95.0%, outperforming the benchmark by 44.3% during the year. The Fund outperformed as the fund was overweight in select Commercial Banks sector stocks which outperformed the market. Since inception (February 14, 2018), NBP Financial Sector Fund has increased by 93.2%, whereas the KSE-30 Total Return Index has increased by 97%, thus to date underperformance is 3.9%. This underperformance is net of management fee and all other expenses. The Fund size is 243 mln as of June 30, 2024.

NBP Financial Sector Fund has earned a total income of Rs. 127.93 million during the year. After deducting total expenses of Rs. 6.78 million, the net income is Rs. 121.15 million. During the year, the unit price of NBP Financial Sector Fund has increased from Rs. 5.6411 (Ex-Div) on June 30, 2023 to Rs. 13.4973 on June 30, 2024. The resultant per unit gain is Rs. 7.8562 (139.3%).

The asset allocation of NBP Financial Sector Fund as on June 30, 2024 is as follows:



## Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 65.972% of the opening ex-NAV (51.393% of the par value) during the year ended June 30, 2024.

## Taxation

As the above cash dividend is more than 90 of the income earned during the year, as reduced by accumulated losses and capital gains, whether realized or unrealized, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

## Auditors

The present auditors, Messrs Yousuf Adil Chartered Accountants, has resigned in the capacity of Auditor of the Fund. The Board has approved the appointment of Messrs A. F. Ferguson & Co. Chartered Accountants, offer for appointment for the year ending June 30, 2025.

## Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

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

9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 28 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2024, the Board included:

Category	Names
<b>Independent Directors</b>	<ol style="list-style-type: none"> <li>1. Mr. Khalid Mansoor</li> <li>2. Mr. Saad Amanullah Khan</li> <li>3. Mr. Ruhail Muhammad</li> </ol>
<b>Executive Director</b>	Dr. Amjad Waheed - Chief Executive Officer
<b>Non-Executive Directors</b>	<ol style="list-style-type: none"> <li>1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li> <li>2. Mr. Tauqeer Mazhar</li> <li>3. Ms. Mehnaz Salar</li> <li>4. Mr. Ali Saigol</li> <li>5. Mr. Imran Zaffar</li> </ol>

## 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: **October 30, 2024**  
Place: Karachi.

## ڈائریکٹرز رپورٹ

این پی پی فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز اپنے آغاز 14 فروری 2018 سے NBP فنانشل سیکٹرز فنڈ کی ساتویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2024ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

مالی سال 2024 اسٹاک مارکیٹ کے لیے شاندار سال رہا کیونکہ نیچے مارک KSE-100 انڈیکس نے نئی بلندیوں کو حاصل کیا اور مدت کے اختتام پر 78,000 پوائنٹس سے زائد پر بند ہوا۔ سال کے دوران نیچے مارک انڈیکس میں تقریباً 37,000 پوائنٹس کا اضافہ ہوا جس کے نتیجے میں پاکستانی روپیہ میں 89 فیصد اور امریکی ڈالر کے لحاظ سے 94 فیصد کا غیر معمولی منافع ہوا جس سے پاکستان دنیا میں بہترین کارکردگی کا مظاہرہ کرنے والی اسٹاک مارکیٹ بن گیا۔

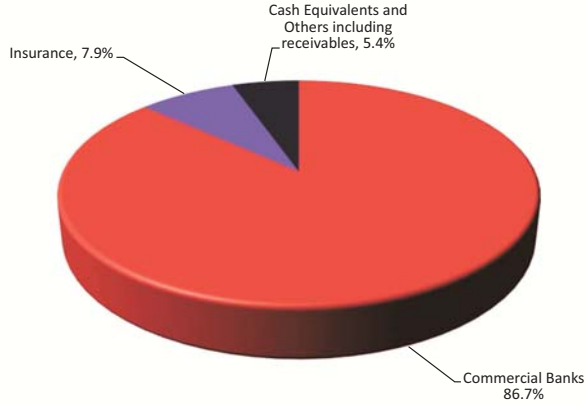
ایکویٹیوں کا آغاز مضبوط بنیادوں پر ہوا اور پورا سال مستحکم رفتار جاری رہی۔ 29 جون 2023 کو آئی ایم ایف کے ساتھ اسٹاف لیول ایگریمنٹ (ایس ایل اے) پر دستخط اسٹاک مارکیٹ کے لیے ٹرنگ پوائنٹ تھا۔ آئی ایم ایف کے ایگزیکٹو بورڈ نے 3 بلین امریکی ڈالر کے اسٹیٹڈ بائی ایگریمنٹ (ایس بی اے) کی منظوری دی جس سے دوست ممالک سے دیگر کثیر الجہتی قرضوں اور سرمایہ کاری کی راہ ہموار ہوئی۔ آئی ایم ایف کی جانب سے قرضوں کی متعدد قسطوں اور سعودی عرب اور متحدہ عرب امارات کے ڈیپازٹس سے زرمبادلہ کے ذخائر میں اضافہ ہوا، ادائیگیوں کے توازن (بی او پی) کے مکتہ بحران کو ٹال دیا گیا اور سرمایہ کاروں کا اعتماد بحال کرنے میں مدد ملی۔ فوج نے پاکستان کی طویل مدتی فارن کرنسی ایشرورینٹنگ کو بھی اپ گریڈ کیا ہے۔ ایس ایل اے کے ساتھ ساتھ بین الاقوامی مارکیٹ میں پاکستان کے ڈالر بانڈز میں اضافہ ہوا کیونکہ اس عرصے کے دوران مختلف ادوار میں بانڈز کی قیمتوں میں 66 سے 93 فیصد تک اضافہ ہوا جو سرمایہ کاروں کی بیرونی پوزیشن کو بہتر بنانے کی بڑھتی ہوئی امید کی عکاسی کرتا ہے۔ خاص طور پر ایٹمیاتی ترقیاتی بینک اور عالمی بینک کی جانب سے کثیر الجہتی آمد میں بھی تیزی آئی ہے۔ نتیجتاً اسٹیٹ بینک پاکستان کے زرمبادلہ کے ذخائر سال کے اختتام پر 4.4 بلین ڈالر سے بڑھ کر 9.4 بلین ڈالر ہو گئے۔ زرمبادلہ کے ذخائر میں بہتری اور اوپن مارکیٹ میں کرنسی کی غیر قانونی تجارت کے خلاف کریک ڈاؤن نے کرنسی مارکیٹ میں سکون پیدا کیا۔ دانشمندانہ پالیسیوں کی وجہ سے معیشت میں استحکام کے آثار بھی نظر آئے۔ عام انتخابات پر اگرچہ بڑے بڑے باطلگیوں کے الزامات ہیں لیکن فروری میں یہ انتخابات آسانی سے منعقد ہوئے اور سیاسی غیر یقینی صورتحال کو کم کرنے میں مدد ملی۔ زرعی نموکے فروغ کی بدولت، مالی سال 24 کے لئے پروڈیبل جی ڈی پی نمونیک سال پہلے کی 0.21 فیصد کمی سے بہتر ہو کر 2.38 فیصد ہو گئی۔ بیرونی سطح پر بہتری کے رجحان کو جاری رکھتے ہوئے کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) گزشتہ سال کے 3.3 بلین ڈالر کے مقابلے میں مزید کم ہو کر 665 ملین ڈالر رہ گیا۔ پہلی ششماہی کے دوران اوسط افراط زر میں اضافہ ہوا، تاہم دوسری ششماہی میں اس میں نمایاں کمی واقع ہوئی، جو مالی سال 24ء میں اوسطاً 23.4 فیصد رہی۔ افراط زر میں کمی نے مانیٹری پالیسی کمیٹی (ایم پی سی) کو تدریجاً نرمی کا سائیکل شروع کرنے پر مجبور کیا، جس میں مالی سال 24 کے اختتام تک 150bps کی کمی کی گئی۔ مختلف ادوار میں ثانوی مارکیٹ کے شرح منافع میں اپنے عروج سے تیزی سے کمی واقع ہوئی ہے، جو اگلے سال میں سرمایہ کاروں کی شرح سود میں نمایاں کمی کی امید کی عکاسی کرتی ہے۔ لٹنڈ کارپوریٹ سٹیکس نے یکساں طور پر مستحکم منافع کے اعلانات کے ساتھ متاثر کن نتائج کا اعلان جاری رکھا۔ ایک اہم پیش رفت میں، سب سے بڑی آٹو کمپنیوں میں سے ایک نے اپنے حصص کو موجودہ قیمت سے کم از کم 7 گنا زیادہ قیمت کے ساتھ اسٹاک ایکسچینج سے خارج کر دیا، جس سے سرمایہ کاروں کو نمایاں ایکویٹی سوئیٹی گئی اور مارکیٹ میں زبردست دلچسپی پیدا ہوئی۔

سیکٹرز اور کارکردگی کے لحاظ سے آٹو اسمبلرز، آٹو پارٹس اینڈ ایمپریز، کیبل اینڈ الیکٹریکل ایشیا، کمرشل بینکس، انجینئرنگ، فرنیچر، لیدر اینڈ ٹیکسٹائل، فارماسیوٹیکل، پاور جنریشن اینڈ ڈسٹری بیوٹن، ریٹائری اور ٹرانسپورٹ کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری جانب سینٹ، کیمیکلز، فوڈ اینڈ پوسٹل سیکٹرز، گلاس اینڈ سٹیکس، انشورنس، انویسٹمنٹ بینک/کمپنیاں، متفرق، تیل و گیس ایکسپلوریشن، آئل اینڈ گیس مارکیٹنگ کمپنیاں، جیپ اینڈ بورڈ، شوگر اینڈ لائیو، جینا لوجی اینڈ کیمیکیشن اور نیٹ ورکس کمپوزٹ سیکٹرز نے مارکیٹ سے ایتھ کارکردگی کا مظاہرہ کیا۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی، انشورنس اور کمپنیاں بالترتیب 141 ملین امریکی ڈالر، 126 ملین امریکی ڈالر اور 36 ملین امریکی ڈالر کی آمد کے ساتھ سب سے بڑے خالص خریدار رہے۔ اس کے برعکس بینکوں/DFIs اور افراد نے اپنی خالص ہولڈنگز کو بالترتیب 141 ملین امریکی ڈالر اور 60 ملین امریکی ڈالر تک کم کر دیا۔

NBP فنانشل سیکٹرز فنڈ کو مالیاتی سال کے دوران KSE-30 انڈیکس میں 95.0 فیصد اضافہ کے مقابلے 139.3 فیصد ریٹرن کا اضافہ ہوا، سال کے دوران 44.3 فیصد نیچے مارک کی بہترین کارکردگی کا مظاہرہ کیا۔ فنڈ نے بہتر کارکردگی کا مظاہرہ کیا کیونکہ فنڈ نے منتخب کمرشل بینکوں کے سیکٹرز کا کو زیادہ اہمیت دی جس نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ اپنے آغاز (14 فروری 2018) سے، NBP فنانشل سیکٹرز فنڈ میں 93.2 فیصد اضافہ ہوا، جبکہ KSE-30 مجموعی انڈیکس ریٹرن میں 97 فیصد اضافہ ہوا، لہذا آج تک ایتھ کارکردگی 3.9 فیصد ہے۔ یہ ایتھ کارکردگی مینجمنٹ فیس اور تمام دیگر اخراجات کے بعد خالص ہے۔ فنڈ کا ساؤتھ جون 2024 کے مطابق 243 ملین ہے۔

NBP فنانشل سیکرٹری فنڈ کو سال کے دوران 127.93 ملین روپے کی مجموعی آمدنی ہوئی۔ 6.78 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص آمدنی 121.15 ملین روپے ہے۔ سال کے دوران NBP فنانشل سیکرٹری فنڈ کے یونٹ کی قیمت 30 جون 2023 کو 5.6411 (Ex-Div) روپے سبھ کر 30 جون 2024 کو 13.4973 روپے ہو گئی۔ جس کے نتیجے میں فی یونٹ اضافہ 7.8562 روپے (139.3%) ہے۔

30 جون 2024 کے مطابق NBP فنانشل سیکرٹری فنڈ کی ایسٹ ایلوکیشن حسب ذیل ہے:



## آمدنی کی تقسیم

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والے سال کے دوران اپنی ex-NAV کا 65.972% (بنیادی قدر 51.393%) کے عبوری نقد منافع کی منظوری دی ہے۔

## ٹیکسیشن

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

## آڈیٹرز

موجودہ آڈیٹرز، میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس کے عہدہ سے مستعفی ہو گئے ہیں اور بورڈ آف ڈائریکٹرز نے اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2025 کے لیے پتھر رکھا گیا ہے۔

## لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 ("CCG") کی پیروی میں ڈائریکٹرز اسٹیٹمنٹ

- منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلواور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ تمام مالیاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں ظاہر کی گئی ہے۔
- یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کیا گیا ہے۔

- 12 ڈائریکٹرز ہی ای او، ایف او، کپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کی گئی ہے۔
- 13 کپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کپنی ایک غیر فرسٹ شدہ کپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2024 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

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

## اظہار تشکر

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

بورڈ اپنے اسٹاف اور سٹریٹیجی 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 میٹجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 30 اکتوبر 2024ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

### Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Financial Sector Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 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.

For the attention of unit holders, during an onsite inspection of the Management Company, the Securities and Exchange Commission of Pakistan (SECP) identified certain matters related to the charging and allocation of selling and marketing expenses to the Fund. Accordingly, the Management Company, following the guidance and interpretation provided by the SECP, will compensate to the entitled unit holders.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, October 30, 2024

## FUND MANAGER REPORT

### NBP Financial Sector Fund

NBP Financial Sector Fund is an Open-ended Equity Fund.

### Investment Objective of the Fund

The objective of NBP Financial Sector Fund is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the Financial Sector.

### Benchmark

The Benchmark of the Fund is KSE-30 Index. (Total Return Index)

### Fund performance review

This is the Seventh annual report. During the fiscal year, NBP Financial Sector Fund increased by 139.3% return as against the KSE-30 Total Return Index increased by 95.0%, outperforming the benchmark by 44.3% during the year. Since inception (February 14, 2018), NBP Financial Sector Fund has increased by 93.2%, whereas the KSE-30 Total Return Index has increased by 97%, thus to date underperformance is 3.9%. This underperformance is net of management fee and all other expenses. The Fund size is 243 mln as of June 30, 2024.

NFSF outperformed as the fund was overweight in select Commercial Banks and Insurance sector stocks which underperformed the market.

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

**NFSF Performance vs. Benchmark during FY24**



FY24 was a stellar year for the stock market, as the benchmark KSE-100 index achieved new highs, settling slightly above 78,000 points at period end. During the year, the benchmark Index surged by around 37,000 points, translating into a phenomenal return of 89% in PKR terms and 94% in USD terms, making Pakistan the best performing stock market in the world.

The equities started off on a firm footing and the strong momentum continued throughout the year. The signing of the Staff Level Agreement (SLA) with IMF on June 29th, 2023 was the turning point for stock market. The IMF executive board approved USD 3 billion Stand-By Agreement (SBA) that paved way for other multi-lateral loans and inflows from friendly countries. The multiple loan tranches from IMF and deposits from KSA & UAE augmented the FX reserves, averted a possible balance of payment (BoP) crisis, and helped restore investors' confidence. Fitch also upgraded Pakistan's Long-Term Foreign Currency Issuer Rating. In tandem with SLA, Pakistan's dollar bonds rallied in the international market as bond prices across various tenures surged in the range of 66-93% during the period, reflecting increasing investors' optimism of improving external position. Multilateral inflows, particularly from ADB and World Bank, also gained momentum. Consequently, the SBP's FX reserves improved from USD 4.4 billion to USD 9.4 billion at period end. The improving reserves, coupled with a crackdown against illicit currency trade in the open market brought calm in currency market. Owing to prudent policies, the economy also showed signs of stabilization. The general elections, though remained marred by accusations of irregularities, were carried out smoothly in February and helped bring down the political uncertainty. The provisional GDP growth for FY24 improved to 2.38% from 0.21% contraction a year ago, driven by robust agricultural growth. Continuing the improving trend on the external side, the current account deficit (CAD) further dropped to USD 665 mn, compared to USD 3.3 bn in the previous year. Average inflation remained elevated during 1H, however, it precipitated considerably in the latter half, averaging 23.4% for FY24. The waning inflation prompted the Monetary Policy Committee (MPC) to gradually start with an easing cycle, with 150 bps cut taking place towards the end of FY24. Secondary market yields across various tenures fell sharply from their peak, reflecting investors' optimism of significant rate cuts in the next year. The listed corporate space continued to declare impressive results with equally robust dividend announcements. In a significant development, one of the largest auto players delisted its shares from the bourse with the delisting price at least 7x higher than the prevailing price, handing over significant liquidity to investors and igniting strong interest in the market.

In terms of sector-wise performance, Auto Assemblers, Auto Parts & Accessories, Cable & Electrical Goods, Commercial Banks, Engineering, Fertilizer, Leather & Tanneries, Pharmaceutical, Power Generation & Distribution, Refinery, and Transport sectors outperformed the market. On the other hand, Cement, Chemicals, Food & Personal Care, Glass & Ceramics, Insurance, Investment Banks/Companies, Miscellaneous, Oil & Gas Exploration, Oil & Gas Marketing Companies, Paper & Board, Sugar & Allied, Technology & Communication, and Textile Composite sectors lagged behind the market. Regarding participants' market activity, Foreigners, Insurance and Companies emerged as the largest net buyers with inflows of around USD 141 million, USD 126 million, and USD 36 million, respectively. Conversely, Banks/DFIs and Individuals reduced their net holdings by around USD 141 million and USD 60 million, respectively.

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

Particulars	30-Jun-24	30-Jun-23
Equities / Stocks	94.6%	99.7%
Cash Equivalents	11.5%	5.6%
Other Net Liabilities	(6.1)	(5.3)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Distribution for the Financial Year 2024

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June - 24	51.39%	18.6299	13.4906

## Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	12
1-1000	89
1001-5000	31
5001-10000	16
10001-50000	24
50001-100000	14
100001-500000	12
500001-1000000	3
1000001-5000000	7
<b>Total</b>	<b>208</b>

## During the period under question

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

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the unit holders of NBP Financial Sector Fund

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of **NBP Financial Sector Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cashflows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

#### Key audit matter

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment (Refer note 2.4 of the Financial Statements)</b></p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent 94.63% of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in Equity Securities, which is the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<p>In this respect, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>Reviewed the processes and key controls relating to existence and valuation and evaluated the design and implementation of such controls;</li> <li>Independently verified the existence of investments from the Central Depository Company (CDC) account statement;</li> <li>Tested valuation of investments by independently tracing rate to externally quoted market prices from the Pakistan Stock Exchange (PSX); and</li> </ul>

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>Differences, if any, identified during our testing that were over our acceptable threshold were investigated further.</li> </ul>

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

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

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

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

## Responsibilities of Management Company and Board of Directors of the Management Company for the financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

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

**Yousuf Adil**  
**Chartered Accountants**  
Karachi  
Date: October 30, 2024  
UDIN: AR202410091lgBO6UbC3

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

	Note	2024 ------(Rupees in '000)-----	2023
<b>ASSETS</b>			
Bank balances	5	27,925	5,199
Investments	6	229,671	92,642
Dividend and profit receivable	7	290	395
Advances and deposits	8	2,948	2,948
Receivable from funds under management by Management Company against conversion of units		10	-
Receivable against sale of investments		-	2,655
<b>Total assets</b>		<b>260,844</b>	<b>103,839</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - Management Company	10	2,056	1,216
Payable to Central Depository Company of Pakistan Limited - Trustee	11	41	33
Payable to Securities and Exchange Commission of Pakistan	12	17	63
Accrued expenses and other liabilities	13	5,272	667
Payable against purchase of investments		10,015	-
Payable against conversion and redemption of units		740	8,948
<b>Total liabilities</b>		<b>18,141</b>	<b>10,927</b>
<b>NET ASSETS</b>		<b>242,703</b>	<b>92,912</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>242,703</b>	<b>92,912</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	----- Number of units -----	
<b>NUMBER OF UNITS IN ISSUE</b>	15	<b>17,981,593</b>	<b>11,927,038</b>
		----- Rupees -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>13.4973</b>	<b>7.7901</b>

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

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 ------(Rupees in '000)-----	2023
<b>INCOME</b>			
Profit on bank balances		2,447	2,212
Dividend income		31,401	44,221
Gain / (loss) on sale of investments - net		55,333	(37,951)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' (FVTPL)	6.2	38,753	(15,951)
		94,086	(53,902)
<b>Total income / (loss)</b>		<b>127,934</b>	<b>(7,469)</b>
<b>EXPENSES</b>			
Remuneration of NBP Fund Management Limited - Management Company	10.1	2,590	4,723
Sindh Sales Tax on remuneration of Management Company	10.2	337	614
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	-	182
Reimbursement of selling and marketing expenses	10.3	-	6,163
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	345	630
Sindh Sales Tax on remuneration of Trustee	11.2	45	82
Annual fee - Securities and Exchange Commission of Pakistan	12.1	164	63
Securities transaction cost		1,511	676
Auditors' remuneration	16	1,074	649
Amortisation of preliminary expenses and floatation costs	9	-	414
Annual listing fee		31	28
Printing charges		40	84
Professional charges		207	196
Settlement and bank charges		440	349
<b>Total expenses</b>		<b>6,784</b>	<b>14,853</b>
<b>Net income / (loss) from operating activities</b>		<b>121,150</b>	<b>(22,322)</b>
<b>Net income / (loss) for the year before taxation</b>		<b>121,150</b>	<b>(22,322)</b>
Taxation	17	-	-
<b>Net income / (loss) for the year after taxation</b>		<b>121,150</b>	<b>(22,322)</b>
<b>Earnings / (loss) per unit</b>	18		
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		121,150	-
Income already paid on units redeemed		(44,569)	-
		76,581	-
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		76,581	-
- Excluding capital gains		-	-
		76,581	-

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	------(Rupees in '000)-----	
<b>Net income / (loss) for the year after taxation</b>	<b>121,150</b>	<b>(22,322)</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b><u>121,150</u></b>	<b><u>(22,322)</u></b>

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

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Note	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the year before taxation	121,150	(22,322)
<b>Adjustments for:</b>		
Net unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at FVTPL	(38,753)	15,951
Amortisation of preliminary expenses and floatation cost	-	414
	<b>(38,753)</b>	<b>16,365</b>
	<b>82,397</b>	<b>(5,957)</b>
<b>(Increase) / Decrease in assets</b>		
Investments	(98,276)	250,453
Dividend and profit receivable	105	(127)
Receivable against sale of investments	2,655	(2,655)
	<b>(95,516)</b>	<b>247,671</b>
<b>Increase / (Decrease) in liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	840	(1,818)
Payable to Central Depository Company of Pakistan Limited - Trustee	8	(40)
Payable to Securities and Exchange Commission of Pakistan	(46)	(26)
Accrued expenses and other liabilities	4,605	(73)
Payable against purchase of investments	10,015	-
	<b>15,422</b>	<b>(1,957)</b>
<b>Net cash generated from operating activities</b>	<b>2,303</b>	<b>239,757</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	654,563	299,091
Amount paid on redemption of units	(595,844)	(547,406)
Cash dividend paid	(38,296)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>20,423</b>	<b>(248,315)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>22,726</b>	<b>(8,558)</b>
Cash and cash equivalents at the beginning of the year	5,199	13,757
<b>Cash and cash equivalents at the end of the year</b>	<b>27,925</b>	<b>5,199</b>

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

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Financial Sector Fund (the Fund) was established under a Trust Deed entered into on January 09, 2018 between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 04, 2018 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 26, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.4 The Fund has been categorised as an open ended equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from February 7, 2018 and are transferable and redeemable by surrendering them to the Fund.
- 1.5 The objective of the Fund is to provide investors with long-term capital growth from an actively managed portfolio of listed equities belonging to the financial sector. The investment objectives and policies are explained in the Fund's offering document.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed an asset manager rating of AM1 as at June 21, 2024 (2023: AM1 on June 22, 2023) to the Management Company. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.7 The 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.

### 2 BASIS OF PRESENTATION

#### 2.1 Statement of compliance

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

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

**2.1.2** The SECP vide SRO 800 (I)/2021 dated June 22, 2021 modified the effective date for applicability of International Financial Reporting Standard 9 (IFRS 9) - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period / year ending on or after June 30, 2022 (earlier application permitted)". As permitted, the Fund had already applied IFRS-9 during the year ended June 30, 2019 with the exception of below mentioned impairment requirements as referred in note 2.1.3 of these financial statements.

**2.1.3** The SECP vide letter ref SCD / AMCW / RS / MUFAP / 2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard 9 (IFRS 9) "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

## **2.2 Accounting convention**

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

## **2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

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

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

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

- (a) Valuation of investment (4.2.5);
- (b) Provisions (Note 4.5); and
- (c) Classification and impairment of financial assets (Notes 4.2.2.1 and 4.2.3).

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

### **3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024.**

The following amendments are effective for the year ended June 30, 2024. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies.

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.

Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

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

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

#### Effective from accounting periods beginning on or after:

Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Convenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosures in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

During the year, the Fund adopted Disclosure of Accounting Policies (Amendment to IAS 01) effective for annual reporting periods beginning on or after January 1, 2023. The amendment required the disclosure of 'material', rather than 'significant' accounting policies. The amendments did not result in any changes to the accounting policies themselves.

## 4.1 Cash and cash equivalents

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

## 4.2 Financial instruments

The Fund applied IFRS 9 (refer note 2.1.2) except for impairment requirements for which the Fund has continued to follow the requirements of SECP (refer note 2.1.3).

### 4.2.1 Initial recognition and measurement

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

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or liabilities, as appropriate, on initial recognition. Transaction costs pertaining to financial assets or financial liabilities at fair value through profit or loss are recognised in the income statement.

### 4.2.2 Classification and subsequent measurement

#### 4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

- Amortised cost (AC);
- At fair value through other comprehensive income (FVTOCI); and
- At fair value through profit or loss (FVTPL).

#### Financial asset at amortised cost

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

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

Financial asset classified at amortised cost is subsequently carried at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

#### Financial asset at FVTOCI

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI, except for the recognition of impairment losses. In case of debt instrument, when the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to income statement. In case of equity instrument, when the financial asset is derecognised, there is no subsequent reclassification of fair value gains and losses to income statement.

### **Financial asset at FVTPL**

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

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

Financial assets designated at fair value through profit or loss are subsequently carried at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.

### **Business model assessment**

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

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

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

The Fund has determined that it has two business models.

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

## Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

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

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

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

## Reclassifications

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

### 4.2.2.2 Financial liabilities

The Fund classifies its financial liabilities in the following categories:

- Amortised Cost (AC), or
- At fair value through profit or loss (FVTPL).

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL, and also subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income statement. Any gain or loss on derecognition is also recognised in income statement.

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

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

### 4.2.3 Impairment of financial assets

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

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

#### 4.2.4 Derecognition

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

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

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

#### 4.2.5 Fair value measurement principles and provision

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

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

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

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

The fair value of financial instruments is determined as follows:

##### **Basis of valuation of equity investments**

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

#### 4.2.6 Regular way contracts

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

#### 4.2.7 Offsetting of financial assets and liabilities

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

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

## 4.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement, each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities.

## 4.4 Preliminary expenses and floatation costs

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

## 4.5 Provisions

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

## 4.6 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies such collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

## 4.7 Taxation

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

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

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

## 4.8 Distributions to unit holders

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on MUFAP's guidelines (duly consented upon by the SECP), distribution for the year is deemed to comprise of the portion of amount of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year/period is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year / period.

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

#### 4.9 Issuance and redemption of units

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

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

#### 4.10 Element of Income

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

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

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

#### 4.11 Net assets value per unit

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

#### 4.12 Revenue Recognition

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

#### 4.13 Expenses

All expenses including Management fee, Trustee fee and SECP fee are recognised in the income statement on accrual basis.

<b>5</b>	<b>BANK BALANCES</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
			<b>---- (Rupees in '000) ----</b>	
	In saving accounts	5.1	<b>27,925</b>	<b>5,199</b>

**5.1** These include a balances of Rs 0.099 million (2023: Rs 0.103 million) maintained with National Bank of Pakistan (related party) that carry profit at the rate of 10.00% per annum (2023: 18.40% per annum) respectively. Other savings accounts of the Fund carry profit rates ranging from 18.50% to 21.75% per annum (2023: 10.00% to 19.75% per annum).

<b>6</b>	<b>INVESTMENTS</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
			<b>---- (Rupees in '000) ----</b>	
	<b>Financial asset at fair value through profit or loss</b>			
	- Listed equity securities	6.1	<b>229,671</b>	<b>92,642</b>

**6.1 Listed equity securities**

Name of the investee company	As at July 1, 2023	Purchases during the period	Bonus / Right Issue	Sales during the period	As at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of		Holding as a percentage of paid-up capital of investee company*
							Net assets	Total Investments	
----- Number of shares held -----						(Rupees in '000)	----- % -----		

**INSURANCE**

IGI Holdings Limited	88,900	161,700	-	129,400	121,200	15,271	6.29	6.65	0.08
Adamjee Insurance Company Limited	204,500	78,000	-	176,500	106,000	3,806	1.57	1.66	0.03
	<b>293,400</b>	<b>239,700</b>	<b>-</b>	<b>305,900</b>	<b>227,200</b>	<b>19,077</b>	<b>7.86</b>	<b>8.31</b>	

**COMMERCIAL BANKS**

Allied Bank Limited	-	209,353	-	100,100	109,253	12,041	4.96	5.25	0.01
Askari Bank Limited	370,325	1,586,700	-	1,307,400	649,625	14,636	6.03	6.37	0.04
Bank Alfalah Limited [note 6.1.1]	441,670	1,197,253	-	1,159,100	479,823	32,638	13.45	14.21	0.03
Bank Al Habib Limited [note 6.1.1]	267,241	508,710	-	565,751	210,200	23,580	9.72	10.27	0.02
Bank of Punjab	1	1,285,218	-	1,272,000	13,219	64	0.03	0.03	0.00
BankIslami Pakistan Limited	-	146,015	-	146,015	-	-	-	-	-
Faysal Bank Limited [note 6.1.2]	229,575	802,800	-	700,200	332,175	17,419	7.18	7.58	0.02
MCB Bank Limited	82,000	358,151	-	286,050	154,101	34,984	14.41	15.23	0.01
Meezan Bank Limited	154,853	231,182	-	300,262	85,773	20,533	8.46	8.94	0.00
National Bank of Pakistan									
- related party	-	609,500	-	294,900	314,600	11,687	4.82	5.09	0.01
Soneri Bank Limited	-	212,000	-	-	212,000	2,525	1.04	1.10	0.02
United Bank Limited	80,459	98,100	-	159,900	18,659	4,781	1.97	2.08	0.00
Habib Metropolitan Bank Limited	191,500	336,500	-	378,100	149,900	10,294	4.24	4.48	0.01
Habib Bank Limited [note 6.1.1]	110,784	552,500	-	458,400	204,884	25,412	10.47	11.06	0.01
	<b>1,928,408</b>	<b>8,133,982</b>	<b>-</b>	<b>7,128,178</b>	<b>2,934,212</b>	<b>210,594</b>	<b>86.78</b>	<b>91.69</b>	

**Total as at June 30, 2024**

**229,671    94.64    100.00**

**Carrying value as at June 30, 2024**

**190,918**

Market value as at June 30, 2023

**92,642**

Carrying value as at June 30, 2023

**108,593**

\* "0.00%" due to rounding off

**6.1.1** Investments include shares with market value of Rs 41.678 million (2023: Rs 33.592 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

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

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

The Finance Act, 2018 effective from July 01, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. However, with the introduction of the Finance Act, 2023, Section 236Z has been incorporated in the Income Tax Ordinance, 2001, effective from July 1, 2023. As per the aforementioned section, every company quoted on stock exchange issuing bonus shares to the shareholders of the company, is required to withhold ten percent of the bonus shares to be issued, determined on the basis of day-end price on the first day of closure of books of the issuing company and such tax shall be treated as final tax.

Consequently, from July 1, 2018, to June 30, 2023, no bonus shares were withheld by the investee company. Moreover, as no bonus shares were issued to the Fund during the current period, the investee company did not withhold any shares in accordance with Section 236Z.

As of June 30, 2024, the following bonus shares of the Fund have been withheld by Faysal Bank Limited at the time of declaration of bonus shares.

Name of the company	2024		2023	
	Number of shares withheld	Market value as at June 30, 2024 Rupees in '000	Number of shares withheld	Market value as at June 30, 2024 Rupees in '000
Faysal Bank Limited	14,494	760	14,494	292

		2024	2023
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>6.2</b>	<b>Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'</b>		
	Market value of investments	6.1 <b>229,671</b>	92,642
	Less: carrying value of investments	6.1 <b>(190,918)</b>	(108,593)
		<b>38,753</b>	<b>(15,951)</b>
<b>7</b>	<b>DIVIDEND AND PROFIT RECEIVABLE</b>		
	Profit receivable on bank balances	<b>207</b>	312
	Dividend receivable	<b>83</b>	83
		<b>290</b>	<b>395</b>
<b>8</b>	<b>ADVANCES AND DEPOSITS</b>		
	Advance tax	8.1 <b>348</b>	348
	Security deposits with:		
	- National Clearing Company of Pakistan Limited	<b>2,500</b>	2,500
	- Central Depository Company of Pakistan Limited	<b>100</b>	100
		<b>2,948</b>	<b>2,948</b>

**8.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under sections 151 and 150. However, withholding taxes on dividends and profit on bank balances paid to the Fund have been deducted by various withholding agents based on the interpretation issued by the FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015, which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder. The tax withheld on dividends and profit on bank balances as at June 30, 2024, amounts to Rs 0.348 million (2023: Rs 0.348 million).

For this purpose, Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding taxes deducted on profit on bank balances and dividend amount have been shown as advance tax as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will likely be refunded.

		2024	2023
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>9</b>	<b>PRELIMINARY EXPENSES AND FLOATATION COSTS</b>		
	At the beginning of the year	-	414
	Less: amortisation during the year	9.1 -	(414)
	At the end of the year	-	-

**9.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

10	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024	2023
			----- (Rupees in '000) -----	
	Management remuneration	10.1	282	218
	Sindh Sales Tax payable on management remuneration	10.2	35	28
	Reimbursement of selling and marketing expenses	10.3	-	838
	Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	-	-
	Sales load and transfer load payable		1,539	117
	Sindh Sales Tax payable on sales load and transfer load		200	15
			<b>2,056</b>	<b>1,216</b>

- 10.1 As per regulation 61 of the NBFC Regulations, 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 under the following rates:

Rate applicable from July 1, 2023 to June 30, 2024	Rate applicable from July 1, 2022 to June 30, 2023
1.5% of average daily net assets	1.5% of average daily net assets

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

- 10.2 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 July 01, 2011. During the year, Sindh Sales Tax at the rate of 13% (June 30, 2023: 13%) was charged on management remuneration and sales load.
- 10.3 The SECP has allowed the asset management companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019) subject to maximum cap of 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, the SECP through its circular 11 dated July 5, 2019 had revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% had been removed and an asset management company was required to set a maximum limit for charging of such expenses to the Fund and the same has to be approved by the Board of Directors of the Management Company as part of an annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company has charged selling and marketing expenses at following rates:

2024	2023
Rate applicable from July 1, 2023 to June 30, 2024	Rate applicable from July 1, 2022 to June 30, 2023
Nil	2.05% per annum of average daily net assets

- 10.4 In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

2024	2023	
Rate applicable from July 1, 2023 to June 30, 2024	Rate applicable from July 1, 2022 to December 28, 2022	Rate applicable from December 29, 2022 to June 30, 2023
Nil	0.20% of average annual net assets	Nil

- 10.5** During the year, the Securities and Exchange Commission of Pakistan (SECP) carried out an onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling & marketing expenses and allocated expenses to the funds under its management. As a result of this inspection, SECP raised certain observations relating to the chargeability of such expenses by the Management Company to the funds under its management. The Board of Directors of the Management Company has responded to the observations highlighted by the SECP and the management is engaged with SECP in this regard. Accordingly, the impact of the SECP's observations, if any, is not determinable as at the reporting date.

	Note	2024 ----- (Rupees in '000) -----	2023
<b>11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration	11.1	36	29
Sindh Sales Tax on Trustee remuneration	11.2	5	4
		<u>41</u>	<u>33</u>

- 11.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the year, Trustee has charged its tariff as follows:

Net assets (Rs.)	2024	2023
	Fee	
- up to Rs 1,000 million	0.20% per annum of net assets	0.20% per annum of net assets
- exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% per annum of net assets, exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% per annum of net assets, exceeding Rs 1,000 million

The remuneration is paid to the Trustee monthly in arrears.

- 11.2** The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from July 01, 2011. During the year, Sindh Sales Tax at the rate of 13% (June 30, 2023: 13%) was charged on trustee remuneration.

	Note	2024 ----- (Rupees in '000) -----	2023
<b>12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Fee payable	12.1	<u>17</u>	<u>63</u>

- 12.1** Under the provisions of the NBFC Regulations, a collective scheme categorized as an equity scheme is required to pay an annual fee to SECP at an amount equal to 0.095% (June 30, 2023: 0.02%) per annum of the average net assets of the Fund. The fee is paid monthly in arrears.

	2024	2023
	----- (Rupees in '000) -----	
<b>13 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration payable	552	282
Printing charges payable	29	30
Brokerage fee payable	81	196
Professional charges payable	138	113
Withholding tax payable	4,076	12
Capital gain tax payable	392	14
Bank charges payable	3	18
Settlement charges payable	1	2
	<u>5,272</u>	<u>667</u>

## 14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 (June 30, 2023: Nil), except as disclosed elsewhere in these financial statements.

	2024	2023
	----- (Number of units) -----	
<b>15 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	11,927,038	45,308,186
Add: units issued during the year	47,164,757	38,267,181
Less: units redeemed	(41,110,202)	(71,648,329)
Total units in issue at the end of the year	<u>17,981,593</u>	<u>11,927,038</u>

	2024	2023
	----- (Rupees in '000) -----	
<b>16 AUDITORS' REMUNERATION</b>		
Annual audit fee	468	426
Half yearly review fee	188	170
Out of pocket expenses including government levy and others	418	53
	<u>1,074</u>	<u>649</u>

## 17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units as the case may be shall not be taken into account. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 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 has distributed the required minimum percentage of income earned by the fund for the year ended June 30, 2024 to the unit holders in the manner as explained above. Accordingly, no provision has been made in the financial statements for the year ended June 30, 2024.

## 18 EARNINGS / (LOSS) PER UNIT

Earnings / (Loss) Per Unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

## 19 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 3.93% (2023: 4.73%) which includes 0.32% (2023: 0.24%) representing government levies on the Fund such as sales taxes, annual fee to SECP, etc. The TER excluding government levies is 3.61% (2023: 4.49%) which is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

## 20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

**20.1** Connected persons includes NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, any entity in which the Management Company, its CISs or their connected persons have a material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

**20.2** Transactions with connected persons / related parties are essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

**20.4** Reimbursement of allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

**20.5** The details of significant transactions and balances with connected persons at year end except those disclosed elsewhere in these financial statements are as follows:

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

	2024	2023
	----- (Rupees in '000) -----	
<b>NBP Fund Management Limited - Management Company</b>		
Remuneration of NBP Fund Management Limited - Management Company	2,590	4,723
Sindh Sales Tax on remuneration of Management Company	337	614
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	-	182
Reimbursement of selling and marketing expenses	-	6,163
Sales load and transfer load payable	1,547	89
Sindh Sales Tax payable on sales load and transfer load	201	12
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	345	630
Sindh Sales Tax on remuneration of Trustee	45	82
Settlement charges	2	5
<b>Employees of Management Company</b>		
Units issued / transferred in during the year: 6,795,576 units (2023: 5,028,722 units)	88,016	40,224
Units redeemed / transferred out during the year: 6,162,473 units (2023: 4,992,961 units)	81,615	40,176
Dividend re-invest: 56,055 units (2023: Nil units)	757	-

	2024	2023
	----- (Rupees in '000) -----	
<b>National Bank of Pakistan Limited - Parent Company***</b>		
Shares purchased: 609,500 shares (2023: Nil shares)	22,233	-
Shares sold: 294,900 shares (2023: 83,000 shares)	10,748	1,998
<b>Taurus Securities Limited - Subsidiary of Parent Company</b>		
Brokerage expense	98	41
<b>Haider Amjad*</b>		
Units issued / transferred in during the year: Nil units (2023: 14,421 units)	-	115
Units redeemed / transferred out during the year: Nil units (2023: 14,421 units)	-	116
<b>Portfolio Managed By Management Company</b>		
Units redeemed / transferred out during the year: 616,188 units (2023: 33,193 units)	8,821	267
<b>IGI Life Insurance Limited - unit holder with more than 10% holding*</b>		
Units redeemed / transferred out during the year: 616,188 units (2023: 853,004 units)	8,145	6,500
<b>Syed Anis Ahmad Shah - unit holder with more than 10% holding**</b>		
Units issued / transferred in during the year: 1,945,252 units (2023: Nil units)	22,652	-
Dividend re-invest: 203,978 units (2023: Nil units)	2,754	-
	2024	2023
<b>20.7 Amounts / balances outstanding as at year end</b>	----- (Rupees in '000) -----	
<b>NBP Fund Management Limited - Management Company</b>		
Management remuneration	282	218
Sindh Sales Tax payable on management remuneration	35	28
Reimbursement of selling and marketing expenses payable	-	838
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	-	-
Sales load and transfer load payable	1,539	117
Sindh Sales Tax payable on sales load and transfer load	200	15
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	36	29
Sindh Sales Tax on Trustee remuneration	5	4
Security deposit	100	100
Settlement charges payable	1	2
<b>Employees of Management Company</b>		
Units Held: 734,912 units (2023: 44,852 units)	9,919	349
<b>Syed Anis Ahmad Shah - unit holder with more than 10% holding**</b>		
Units Held: 2,149,230 units (2023: Nil units)	29,009	-
<b>Mahmud Yar Hiraj - unit holder with more than 10% holding*</b>		
Units Held: Nil units (2023: 1,258,663 units)	-	9,805

	2024	2023
	----- (Rupees in '000) -----	
<b>Sajjad Hussain - unit holder with more than 10% holding*</b>		
Units Held: Nil units (2023: 1,648,687 units)	-	12,843
<b>Forman Christian College - unit holder with more than 10% holding*</b>		
Units Held: Nil units (2023: 1,634,094 units)	-	12,730
<b>National Bank of Pakistan Limited - Parent Company***</b>		
Bank balances	99	103
Shares held: 314,600 shares (2023: Nil shares)	11,687	-
Dividend receivable	83	83
<b>Taurus Securities Limited - subsidiary of Parent Company</b>		
Brokerage payable	-	3
<b>IGI Life Insurance Limited - unit holder with more than 10% holding*</b>		
Units held: Nil units (2023: 1,621,292 units)	-	12,630

\* Current year figures has not been shown as the company ceased to be a related party/ connected person as at June 30, 2024

\*\* Prior year comparative has not been shown as the company was not a related party / connected person as at June 30, 2023.

\*\*\* These are transactions involving shares of related parties held as part of portfolio of the Fund.

June 30, 2024		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		

## 21 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets

Bank balances	27,925	-	27,925
Investments	-	229,671	229,671
Dividend and profit receivable	290	-	290
Deposits	2,600	-	2,600
Receivable from funds under management by Management Company against conversion of units	10	-	10
	<u>30,825</u>	<u>229,671</u>	<u>260,496</u>

### Financial liabilities

Payable to NBP Fund Management Limited - Management Company	2,056	-	2,056
Payable to Central Depository Company of Pakistan Limited - Trustee	41	-	41
Accrued expenses and other liabilities	804	-	804
Payable against purchase of investments	10,015	-	10,015
Payable against conversion and redemption of units	740	-	740
	<u>13,656</u>	<u>-</u>	<u>13,656</u>
Net assets attributable to unitholders	<u>242,703</u>	<u>-</u>	<u>242,703</u>

June 30, 2023		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
<b>Financial assets</b>		
Bank balances	5,199	5,199
Investments	-	92,642
Dividend and profit receivable	395	395
Deposits	2,600	2,600
Receivable against sale of investments	2,655	2,655
	<u>10,849</u>	<u>103,491</u>
<b>Financial liabilities</b>		
Payable to NBP Fund Management Limited - Management Company	1,216	1,216
Payable to Central Depository Company of Pakistan Limited - Trustee	33	33
Accrued expenses and other liabilities	641	641
Payable against purchase of investments	8,948	8,948
	<u>10,838</u>	<u>10,838</u>
Net assets attributable to unitholders	<u>92,912</u>	<u>92,912</u>

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

### 22.1 Market risk

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

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

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

**(i) Yield / interest rate risk**

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As at June 30, 2024, the Fund is exposed to such risk on its bank balances. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

Presently, the Fund holds bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 0.279 million (2023: Rs 0.052 million).

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

As at June 30, 2024, and June 30, 2023, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value interest rate risk.

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

June 30, 2024					
Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- (Rupees in '000) -----

**Financial assets**

Bank balances	18.50% - 21.75%	27,925	-	-	-	27,925
Investments		-	-	-	229,671	229,671
Dividend and profit receivable		-	-	-	290	290
Deposits		-	-	-	2,600	2,600
Receivable from funds under management by Management Company against conversion of units		-	-	-	10	10
		27,925	-	-	232,571	260,496

**Financial liabilities**

Payable to NBP Fund Management Limited - Management Company		-	-	-	2,056	2,056
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	41	41
Accrued expenses and other liabilities		-	-	-	804	804
Payable against purchase of investments		-	-	-	10,015	10,015
Payable against conversion and redemption of units		-	-	-	740	740
Net assets attributable to unitholders		-	-	-	242,703	242,703
		-	-	-	256,359	256,359

**On-balance sheet gap**

27,925 - - (23,788) 4,137

**Total interest rate sensitivity gap**

27,925 - -

**Cumulative interest rate sensitivity gap**

27,925 27,925 27,925

June 30, 2023					
Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

(Rupees in '000)

## Financial assets

Bank balances	10.00% - 19.75%	5,199	-	-	-	5,199
Investments		-	-	-	92,642	92,642
Dividend and profit receivable		-	-	-	395	395
Deposits		-	-	-	2,600	2,600
Receivable against sale of investments		-	-	-	2,655	2,655
		5,199	-	-	98,292	103,491

## Financial liabilities

Payable to NBP Fund Management Limited - Management Company		-	-	-	1,216	1,216
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	33	33
Accrued expenses and other liabilities		-	-	-	641	641
Payable against conversion and redemption of units		-	-	-	8,948	8,948
Net assets attributable to unitholders		-	-	-	92,912	92,912
		-	-	-	103,750	103,750

## On-balance sheet gap

5,199 - (5,458) (259)

## Total interest rate sensitivity gap

5,199 -

## Cumulative interest rate sensitivity gap

5,199 5,199 5,199

## (ii) Currency risk

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

## (iii) Price risk

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

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

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 6.1.

In case of 5% increase / decrease in KSE 100 index on June 30, 2024, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs 11.484 million (2023: Rs 4.632 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets 'at fair value through profit or loss'.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

## 22.2 Credit risk

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

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

	2024	2023
	------(Rupees in '000)-----	
<b>Balances with banks</b>		
<b>AAA</b>	<b>12,033</b>	605
<b>AA-</b>	<b>14,550</b>	2,204
<b>AA</b>	<b>1,342</b>	2,390
	<b><u>27,925</u></b>	<b><u>5,199</u></b>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets.

### Concentration of the credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities, in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's transactions are entered into with credit worthy counterparties thereby mitigating any significant concentration of credit risk

## 22.3 Liquidity risk

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

### Management of liquidity risk

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

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

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

## Maturity analysis for financial liabilities

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

June 30, 2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

(Rupees in '000)

### Financial liabilities

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

2,056	-	-	-	-	-	2,056
41	-	-	-	-	-	41
252	552	-	-	-	-	804
10,015	-	-	-	-	-	10,015
740	-	-	-	-	-	740
<b>13,104</b>	<b>552</b>	-	-	-	-	<b>13,656</b>

Net assets attributable to unitholders

<b>242,703</b>	-	-	-	-	-	<b>242,703</b>
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June 30, 2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

(Rupees in '000)

### Financial liabilities

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

1,216	-	-	-	-	-	1,216
33	-	-	-	-	-	33
8,948	-	-	-	-	-	8,948
359	282	-	-	-	-	641
<b>10,556</b>	<b>282</b>	-	-	-	-	<b>10,838</b>

Net assets attributable to unitholders

<b>92,912</b>	-	-	-	-	-	<b>92,912</b>
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## 23 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

As at June 30, 2024, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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

In accordance with the risk management policies stated in note 22, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## 24 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and"

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

As at June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

		June 30, 2024						
		Carrying value			Fair value			
		At fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	----- (Rupees in '000) -----						
<b>Financial assets measured at fair value</b>								
Investment - Listed equity securities		229,671	-	229,671	229,671	-	-	229,671
<b>Financial assets not measured at fair value</b>	24.1							
Bank balances		-	27,925	27,925				
Dividend and profit receivable		-	290	290				
Deposits		-	2,600	2,600				
Receivable from funds under management by Management Company against conversion of units		-	10	10				
		-	30,825	30,825				
<b>Financial liabilities not measured at fair value</b>	24.1							
Payable to NBP Fund Management Limited - Management Company		-	2,056	2,056				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	41	41				
Accrued expenses and other liabilities		-	804	804				
Payable against purchase of investments		-	10,015	10,015				
Payable against conversion and redemption of units		-	740	740				
Net assets attributable to unitholders	24.2	-	242,703	242,703				
		-	256,359	256,359				

June 30, 2023

		Carrying value		Fair value				
		At fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>On-balance sheet financial instruments</b>	Note	(Rupees in '000)						
<b>Financial assets measured at fair value</b>								
Investment - Listed equity securities		92,642	-	92,642	92,642	-	-	92,642
<b>Financial assets not measured at fair value</b>								
Bank balances	24.1	-	5,199	5,199				
Dividend and profit receivable		-	395	395				
Deposits		-	2,600	2,600				
Receivable against sale of investments		-	2,655	2,655				
		-	10,849	10,849				
<b>Financial liabilities not measured at fair value</b>								
Payable to NBP Fund Management Limited - Management Company	24.1	-	1,216	1,216				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	33	33				
Accrued expenses and other liabilities		-	641	641				
Payable against conversion and redemption of units		-	8,948	8,948				
Net assets attributable to unitholders	24.2	-	92,912	92,912				
		-	103,750	103,750				

**24.1** 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.

**24.2** 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.

## 25 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

Name of broker	2024 % of commission paid	Name of broker	2023 % of commission paid
Taurus Securities Ltd.	7.35	Taurus Securities Ltd.	6.78
Alpha Capital (Pvt) Limited	6.44	Insight Securities (Pvt.) Limited	5.76
Insight Securities (Pvt.) Limited	5.46	D.J.M Securities (Pvt.) Ltd	5.59
Optimus Capital Management Limited	5.12	EFG Hermes Pakistan Ltd	5.40
Foundation Securities	4.89	Optimus Capital Management Limited	5.27
Sherman Securities (Pvt) Limited	4.78	Sherman Securities (Pvt.) Ltd	5.24
Arif Habib Securities Limited	4.05	Aqeel Karim Dehdi Securities ( Pvt) Limited	5.10
Alfalah Securities (Pvt) Limited	3.81	Alfalah Securities (Pvt) Limited	4.68
BMA Capital Management Limited	3.77	BMA Capital Management Limited	4.43
D.J.M Securities (Pvt) Limited	3.42	Intermarket Securities	4.36

## 26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	36
Mr. Asim Wahab Khan (note 26.1)	Chief Investment Officer	CFA	18
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	13

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

- NBP GoKP Pension Fund - Money Market Sub Fund
- NBP Sarmaya Izafa Fund
- NBP GoKP Islamic Pension Fund - Money Market Sub Fund
- NBP Balanced Fund
- NBP Stock Fund
- NBP Islamic Sarmaya Izafa Fund
- NBP Financial Sector Fund
- NAFA Pension Fund
- NBP Pakistan Growth Exchange Traded Fund
- NAFA Islamic Pension Fund
- NBP Islamic Energy Fund

## 27 PATTERN OF UNIT HOLDING

Category	June 30, 2024			June 30, 2023		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	201	156,847	65%	122	32,342	35%
Insurance Companies	-	-	-	2	21,456	23%
Retirement Funds	2	24,673	10%	2	14,331	15%
Others	5	61,183	25%	4	24,783	27%
	<b>208</b>	<b>242,703</b>	<b>100.00%</b>	<b>130</b>	<b>92,912</b>	<b>100.00%</b>

## 28 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 92nd, 93rd, 94th, 95th, 96th, and 97th Board Meetings were held on July 12, 2023, September 15, 2023, September 23, 2023, October 30, 2023, February 29, 2024, and April 25, 2024, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of directors	Number of meetings			Meetings not attended
	Held / applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	6	6	-	-
Tauqeer Mazhar	6	5	1	94th Meeting
Mehnaz Salar	6	6	-	-
Ali Saigol	6	6	-	-
Imran Zaffar	6	5	1	92nd Meeting
Khalid Mansoor	6	6	-	-
Saad Amanullah Khan	6	6	-	-
Ruhail Muhammad	6	6	-	-
Dr. Amjad Waheed	6	6	-	-

## 29 GENERAL

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

## 30 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified wherever necessary to confirm to the presentation adopted in the current year.

## 31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 30, 2024.

For NBP Fund Management Limited  
(Management Company)

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Chief Financial Officer

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Chief Executive Officer

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Director



## PERFORMANCE TABLE

Particulars	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Net assets at the year / period ended (Rs '000)	242,703	92,912	372,496	445,185	578,397	1,120,628
Net (loss) / income for the year / period ended (Rs '000)	121,150	(22,322)	(35,787)	132,042	(110,486)	(132,584)
Net Asset Value per unit at the year / period ended (Rs)	13.4973	7.7901	8.2214	8.9014	7.6489	9.0609
Offer Price per unit	13.9549	8.0542	8.5001	9.2032	7.9082	9.3685
Redemption Price per unit	13.4973	7.7901	8.2214	8.9014	7.6489	9.0609
Ex- Highest offer price per unit (Rs.)	14.3892	9.1691	10.3043	9.8414	11.3648	11.0033
Ex- Lowest offer price per unit (Rs.)	5.8326	7.4849	8.3498	7.5174	7.1211	9.2630
Ex- Highest redemption price per unit (Rs.)	13.9174	8.8685	9.9664	9.5188	10.9922	10.6425
Ex- Lowest redemption price per unit (Rs.)	5.6413	7.2395	8.0760	7.2708	6.8876	8.9593
Opening Nav of Fiscal Year	5.6411	8.2214	8.9014	7.3801	9.0609	10.0006
Total return of the fund	139.27%	-5.25%	-7.64%	20.61%	-15.60%	-9.40%
Capital growth	101.17%	-5.25%	-7.64%	16.97%	-15.60%	-9.40%
Income distribution as a % of ex nav	38.10%	-	-	3.64%	-	-
Income distribution as a % of par value	51.39%	-	-	3.28%	-	-
<b>Distribution</b>						
Interim distribution per unit	5.1393			0.3281		
Final distribution per unit						
<b>Distribution Dates</b>						
Interim	28/Jun/24			25/Jun/21		
Final						
<b>Average annual return of the fund (launch date February 14, 2018)</b>						
(Since inception to June 30, 2024)	10.88%					
(Since inception to June 30, 2023)		-3.90%				
(Since inception to June 30, 2022)			-3.59%			
(Since inception to June 30, 2021)				-2.36%		
(Since inception to June 30, 2020)					-10.70%	
(Since inception to June 30, 2019)						-6.93%
Portfolio Composition ( Please see Fund Manager Report)						

## PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP FINANCIAL SECTOR FUND				
	Resolutions	For	Against	Abstain*
Number	7	7	Nil	N/A
(%)	100%	100%	-	-

## Head Office

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

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

**Toll Free:** 0800-20002

**Sms:** INVEST to 9995

**Fax:** 021-35825335

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

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

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