



Managing Your Savings

NBP Fund Management Limited



NBP FINANCIAL SECTOR INCOME 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 Shahr-e-Faisal, Karachi.

Bankers to the Fund

MCB Bank Limited	Zarai Taraqiyate Bank Limited
JS Bank Limited	MCB Islamic Bank Limited
Meezan Bank Limited	Faysal Bank Limited
Habib Bank Limited	The Bank of Punjab
United Bank Limited	Albaraka Bank of Pakistan
Bank Alfalah Limited	Bank Islami Pakistan Limited
Bank Al Habib Limited	U Microfinance Bank Limited
Askari Bank Limited	Telenor Microfinance Bank
Habib Metropolitan Bank Limited	Khushhali Microfinance Bank Limited
Allied Bank Limited	HBL Microfinance Bank Limited
National Bank of Pakistan	Mobilink Microfinance Bank Limited
Soneri Bank Limited	Dubai Islamic Bank Limited

**Auditors**

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

Legal Advisor

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

Head Office:

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

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



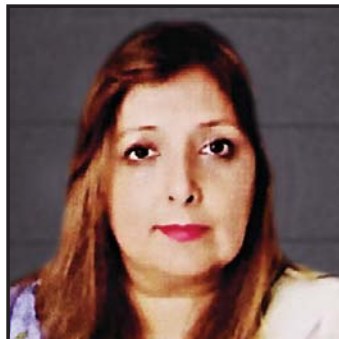
Mr. Faisal Ahmed*
Director



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 13th Annual Report of **NBP Financial Sector Income Fund (NFSIF)** for the year ended June 30, 2024.

Fund's Performance

In FY24, the State Bank's Monetary Policy Committee (MPC) held eight meetings, reducing the policy rate by 150 basis points in the fourth quarter to 20.50%. This decision was supported by improving macroeconomic indicators, thanks to measures aimed at curbing inflation and improving its outlook. The MPC noted a significant drop in inflation, a reduced current account deficit, and stronger foreign exchange (FX) reserves. However, they cautioned that risks to price stability remain due to domestic and external shocks, the base effect, and global commodity price fluctuations. The inflation outlook is also threatened by recent budgetary measures and frequent hikes in utility tariffs, which could slow the decline in inflation expectations.

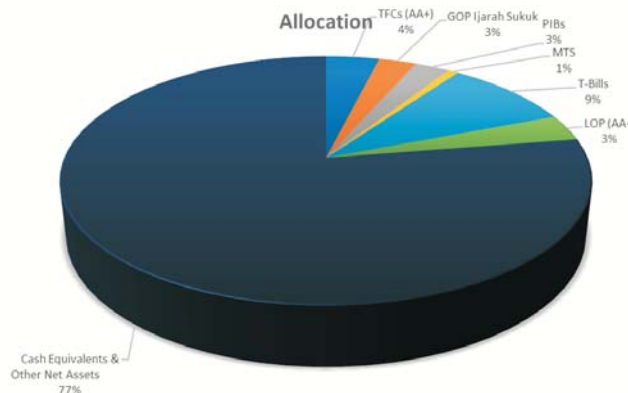
On a positive note, the narrower current account deficit, early reforms in exchange companies, and actions against illicit market activities have improved FX market sentiment and liquidity. Successful negotiations with the International Monetary Fund (IMF) regarding an Extended Fund Facility (EFF) program have also paved the way for additional multilateral and bilateral inflows, strengthening FX reserves and meeting near-term external financing needs as core inflation gradually cools. By June 2024, the State Bank of Pakistan's net liquid foreign exchange reserves stood at USD 9.4 billion.

In response to these policy measures, sovereign yields declined, with market participants showing greater interest in medium to long-term securities. The State Bank conducted twenty-six (26) T-Bill auctions, raising Rs. 21.7 trillion against a target of Rs. 21.1 trillion, with a maturity of Rs. 21.9 trillion. T-Bill yields decreased by 2.68%, 2.96%, and 4.25% for 3-month, 6-month, and 12-month tenures, respectively.

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

The size of NBP Financial Sector Income Fund has increased from Rs. 25,717 million to Rs. 59,665 million during the period (a manifold increase of 132%). During the period, the unit price of the Fund has increased from Rs. 8.6609 (Ex-Div) on June 30, 2023 to Rs. 10.6558 on June 30, 2024, thus showing a return of 22.96% as compared to the benchmark return of 21.88% for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 8,620.02 million during the year. After deducting total expenses of Rs. 653.35 million, the net income is Rs. 7,966.67 million. The asset allocation of NBP Financial Sector Income 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 20.81% of the opening ex-NAV (22.12% 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 & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-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 29 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 28 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 20 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
Independent Directors	<ol style="list-style-type: none">1. Mr. Khalid Mansoor2. Mr. Saad Amanullah Khan3. Mr. Ruhail Muhammad
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none">1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)2. Mr. Tauqeer Mazhar3. Ms. Mehnaz Salar4. Mr. Ali Saigol5. Mr. Imran Zaffar

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

Date: October 30, 2024
Place: Karachi.

ڈائریکٹرز رپورٹ

این پی بی فنڈ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP فنانشل سیکٹور انکم فنڈ (NFSIF) کی تیرہویں سالانہ رپورٹ برائے تختہ سال 30 جون 2024ء پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

مالی سال 24 میں اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (ایم پی سی) کے 18 اجلاس منعقد ہوئے، چوتھی سہ ماہی میں پالیسی شرح 150 بیسیس پوائنٹس کم کر کے 20.50 فیصد کر دی گئی۔ یہ فیصلہ بہتر میکر واکنا مک اشاروں کے باعث کیا گیا، جس کا مقصد افراط زر پر قابو پانا اور اس کے نقطہ نظر کو بہتر بنانا تھا۔ ایم پی سی نے افراط زر میں نمایاں کمی، کرنٹ اکاؤنٹ خسارے میں کمی اور زرمبادلہ کے مضبوط ذخائر درج کئے۔ تاہم، انہوں نے متنبہ کیا کہ مقامی اور بیرونی شاکس، بنیادی اثرات، اور عالمی اجناس کی قیمتوں میں اتار چڑھاؤ کی وجہ سے قیمتوں میں عدم استحکام لاسکتے ہیں۔ حالیہ بجٹ اقدامات اور یوٹیلٹی ٹیرف میں مسلسل اضافے سے بھی افراط زر کا نقطہ نظر خطرے میں ہے، جس سے افراط زر کی متوقع کمی سست ہو سکتی ہے۔

مثبت بات یہ ہے کہ کرنٹ اکاؤنٹ خسارے میں کمی، آپیکھج کمپنیوں میں ابتدائی اصلاحات اور مارکیٹ کی غیر قانونی سرگرمیوں کے خلاف اقدامات سے ایف ایکس مارکیٹ کے جذبات اور لیکویڈیٹی میں بہتری آئی ہے۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ توسیعی فنڈ سہولت (ای ای ایف ایف) پروگرام کے حوالے سے کامیاب مذاکرات نے اضافی کثیر الجہتی اور دو طرفہ آمد، زرمبادلہ کے ذخائر کو مضبوط بنانے اور قریب مدتی بیرونی فنانسنگ کی ضروریات کو پورا کرنے کی راہ بھی ہموار کی ہے کیونکہ بنیادی افراط زر بتدریج کم ہو رہا ہے۔ جون 2024ء تک اسٹیٹ بینک آف پاکستان کے خالص لیکویڈیز زرمبادلہ کے ذخائر 9.4 ارب ڈالر تھے۔

ان پالیسی اقدامات کے جواب میں، سورجیج شرح منافع میں کمی واقع ہوئی، مارکیٹ کے شرکاء نے درمیانی سے طویل مدتی سیکورٹیز میں زیادہ دلچسپی ظاہر کی۔ اسٹیٹ بینک نے چھبیس (26) ٹی بل نیلامیاں منعقد کیں، جس میں 21.9 ٹریلین روپے کی میچورٹی کے ساتھ 21.1 ٹریلین روپے کے ہدف کے مقابلے میں 21.7 ٹریلین روپے حاصل ہوئے۔ 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے ٹی بل کے شرح منافع میں بالترتیب 2.68 فیصد، 2.96 فیصد اور 4.25 فیصد کمی واقع ہوئی۔

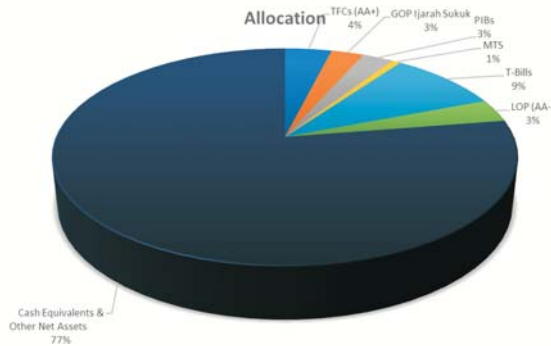
یہ فنڈ منفرد ہے کیونکہ یہ اپنے اثاثوں کا کم از کم 70% مالیاتی شعبے (بنیادی طور پر بینکوں) کے قرضوں کی سیکورٹیز، آلات یا ڈپازٹس میں لگا رہتا ہے۔ قرض کی ضمانتوں کی کم از کم ہستی/آلڈ کی درجہ بندی 'AA-' ہے۔ یہ کریڈٹ رسک کو کم کرتا ہے اور ساتھ ہی ساتھ فنڈ کی لیکویڈیٹی کو بڑھاتا ہے۔ فنڈ کی مدت ایک سال سے زیادہ نہیں ہو سکتی۔ یہ شرح سود یا قیمتوں کے خطرے کو کم کرتا ہے۔ فنڈ اپنے اثاثوں کا 25% 90 دنوں سے بھی کم وقت میں T-Bills یا بینکوں کے ہاں بچت کھاتوں میں لگا رہتا ہے، جس سے فنڈ کی لیکویڈیٹی پروفائل میں مزید اضافہ ہوتا ہے۔ فنڈ کو PACRA کی طرف سے 'A+(f)' کی مستحکم ریٹنگ تفویض کی گئی ہے۔

کارپوریٹ بانڈز میں تجارتی سرگرمی سست رہی، تاہم، مارکیٹ میں TFCs اور سٹاک کے چند، زیادہ تر پاور اینڈ ڈسٹری بیوشن کے شعبوں میں نئے اجراء کا مشاہدہ کیا گیا۔

NBP فنانشل سیکٹور انکم فنڈ کا سائز 25,717 ملین روپے سپروہکر موجودہ مدت کے دوران 59,665 ملین روپے ہو گیا (132% کا کثیر اضافہ)۔ تاہم، مذکورہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2023 کو 8.6609 (Ex-Div) روپے سے بڑھ کر 30 جون 2024 کو 10.6558 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 21.88% شیئنگ مارک منافع کے مقابلے میں 22.96% منافع دیا۔ فنڈ کی یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو سال کے دوران 8,620.02 ملین روپے کی کل آمدنی ہوئی۔ 653.35 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد، خالص آمدنی 7,966.67 ملین روپے ہے۔

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





آمدنی کی تقسیم

مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2024 کے اختتام کے بعد اویپنگ ex-NAV کا 20.81% (بنیادی قدر کا 22.12%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہما کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر آکم 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 اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2025 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

- 1 مینیجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلواور پونٹ، ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شاریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیمپل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 29 میں ظاہر کی گئی ہے۔
- 11 پونٹ ہولڈنگ کا تفصیلی پٹرن مالیاتی گوشواروں کے نوٹ 28 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2024 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

نام	کینگری
جناب خالد منصور جناب سعد امان اللہ خان جناب روجیل محمد	1 2 3
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	
شیخ محمد عبدالواحد سیٹھی (چیئر مین) جناب توقیر مظہر محترمہ مہناز سالار جناب علی سیگل جناب عمران ظفر	1 2 3 4 5



اظہار تشکر

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

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

مخانب بورڈ آف ڈائریکٹرز

NBP نڈ مینجمنٹ 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 Income Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 Income Fund

NBP Financial Sector Income Fund (NFSIF) is an Open-End Income Scheme.

Investment Objective of the Fund

The objective of NBP Financial Sector Income Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

Benchmark

6-Month KIBOR.

Fund Performance Review

This is the 13th Annual report since the launch of the Fund on October 28, 2011. The Fund size increased manifold by 132% and stands at Rs. 59,665 million as of June 30, 2024. During FY24 the Fund posted a return of 23.0% versus the benchmark return of 21.9%. The Fund's return since inception is 10.9% p.a. During the same period, the benchmark return has been 10.5% p.a. This translates into outperformance of 0.5% p.a. This outperformance is net of management fee and all other expenses.

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

The trading activity in corporate bonds remained thin, with some fresh issuance of TFCs and Sukuks, mostly in the Power & Distribution sector. In FY24, the State Bank's Monetary Policy Committee (MPC) held eight meetings, reducing the policy rate by 150 basis points in the fourth quarter to 20.50%. This decision was supported by improving macroeconomic indicators, thanks to measures aimed at curbing inflation and improving its outlook. The MPC noted a significant drop in inflation, a reduced current account deficit, and stronger foreign exchange (FX) reserves. However, they cautioned that risks to price stability remain due to domestic and external shocks, the base effect, and global commodity price fluctuations. The inflation outlook is also threatened by recent budgetary measures and frequent hikes in utility tariffs, which could slow the decline in inflation expectations.

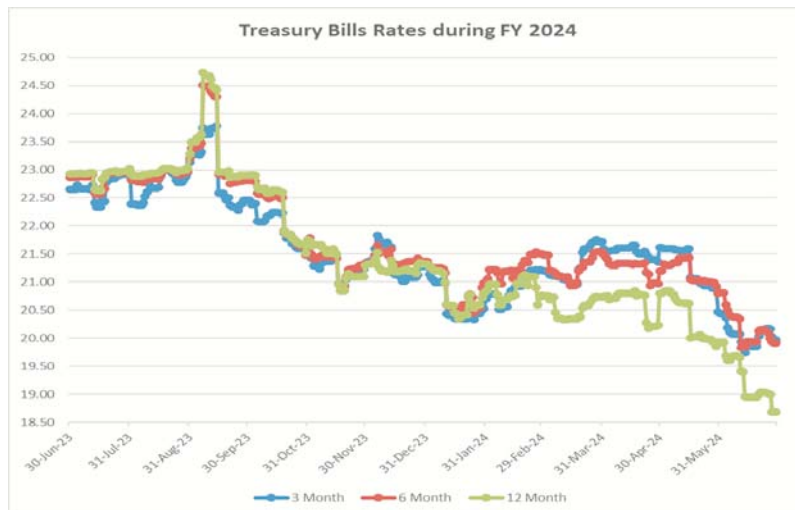
On a positive note, the narrower current account deficit, early reforms in exchange companies, and actions against illicit market activities have improved FX market sentiment and liquidity. Successful negotiations with the International Monetary Fund (IMF) regarding an Extended Fund Facility (EFF) program have also paved the way for additional multilateral and bilateral inflows, strengthening FX reserves and meeting near-term external financing needs as core inflation gradually cools. By June 2024, the State Bank of Pakistan's net liquid foreign exchange reserves stood at USD 9.4 billion.

In response to these policy measures, sovereign yields declined, with market participants showing greater interest in medium to long-term securities. The State Bank conducted twenty-six (26) T-Bill auctions, raising Rs. 21.7 trillion against a target of Rs. 21.1 trillion, with a maturity of Rs. 21.9 trillion. T-Bill yields decreased by 2.68%, 2.96%, and 4.25% for 3-month, 6-month, and 12-month tenures, respectively.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-24	30-Jun-23
TFCs / Sukuk	3.87%	12.17%
Money Market Placements	3.41%	-
PIBs	2.55%	-
GOP Ijara Sukuk	2.70%	-
MTS	0.73%	-
T-Bills	9.20%	-
Cash, Bank Placements & Other Assets	77.54%	87.83%
Total	100.00%	100.00%

PIB yields during the year are shown in the below graph:



Distribution for the Financial Year 2024

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Aug-23	3.658%	10.9929	10.6271
Oct-23	3.541%	10.9812	10.6271
Dec-23	4.012%	11.0283	10.6271
Feb-24	3.751%	11.0022	10.6271
Apr-24	3.408%	10.9679	10.6271
Jun-24	3.748%	11.0019	10.6271

Unit Holding Pattern of NBP Financial Sector Income Fund as on June 30, 2024

Size of Unit Holding (Units)1-1000	# of Unit Holders
Less than 1	360
1-1000	2178
1001-5000	546
5001-10000	242
10001-50000	842
50001-100000	552
100001-500000	1218
500001-1000000	358
1000001-5000000	389
5000001-10000000	39
10000001-100000000	35
100000001-1000000000	4
100000001 & Above	1
Total	6227

During the period under question:

There has been no significant change in the state of affairs of the Fund. NBP Financial Sector Income 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 Income Fund

Report on the audit of the financial statements

Opinion

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

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investment</p> <p>Investments, held at fair value through profit or loss and amortised cost, are disclosed in note 6 to the financial statements and represent a significant item on the statement of assets and liabilities of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in Government Securities (Market Treasury Bills, Pakistan Investment Bonds, GOP Ijarah Sukuks and Listed GOP Ijara), term finance certificates, letter of placement, term deposits receipt and certificate of investment, which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<p>In this respect, we performed the following procedures:</p> <ul style="list-style-type: none"> Reviewed the processes and key controls relating to existence and valuation and evaluated the design and implementation of such controls; Independently verified existence of investments from the Central Depository Company (CDC) account Statement, Investment Portfolio Services (IPS) account statement and other relevant documents; Tested valuation of investments by verifying the average rates quoted on a widely used electronic quotation system (PKRV, PKFRV and PKISRV) rates, prices quoted at Mutual Fund Association of Pakistan (MUFAP) and prices quoted at Pakistan Stock Exchange (PSX); and Differences, if any, identified during our testing that were over our acceptable threshold were investigated further.

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We communicate with 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 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

Place: Karachi

Date: October 30, 2024

UDIN: AR202410091HNII5FUeJ

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

	Note	2024 ----- (Rupees in '000) -----	2023 -----
ASSETS			
Bank balances	5	44,483,949	22,361,339
Investments	6	12,969,410	3,129,531
Receivable against margin trading system	7	433,357	-
Profit receivable	8	958,645	525,484
Receivables from funds under management by Management Company against conversion of units		1,493,755	29,778
Advance, deposit and prepayment	9	7,152	6,943
Total assets		60,346,268	26,053,075
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	10	154,810	69,603
Payable to Central Depository Company of Pakistan Limited - Trustee	11	4,077	1,706
Payable to Securities and Exchange Commission of Pakistan	12	3,603	9,830
Payable against conversion and redemption of units		213,153	145,723
Accrued expenses and other liabilities	13	306,021	109,410
Total liabilities		681,664	336,272
NET ASSETS		59,664,604	25,716,803
UNITHOLDERS' FUND (AS PER STATEMENT ATTACHED)		59,664,604	25,716,803
CONTINGENCIES AND COMMITMENTS			
	14	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	15	5,599,238,081	2,419,928,803
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		10.6558	10.6271

The annexed notes 1 to 32 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
INCOME			
Income on spread transactions		-	188
Income on term deposit receipts		39,175	-
Income on term finance certificates, sukuks and commercial papers		700,138	692,514
Income on Market Treasury Bills and Pakistan Investment Bonds		715,000	452,941
Income on letter of placement		764,239	697,980
Income on certificate of investment		28,155	-
Income on margin trading system		79,016	46,046
Profit on bank deposits		6,308,408	6,814,578
Loss on sale of investments - net		(26,703)	(11,635)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial asset at 'fair value through profit or loss' (FVTPL)	6.9	12,587	(43,978)
		(14,116)	(55,613)
Total income		8,620,015	8,648,634
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	10.1	414,028	279,358
Sindh Sales Tax on remuneration of Management Company	10.2	53,824	36,317
Remuneration of Central Depository Company of Pakistan Limited -Trustee	11.1	29,059	36,863
Sindh Sales Tax on remuneration of Trustee	11.2	3,778	4,792
Reimbursement of selling and marketing expenses	10.3	60,707	162,076
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	57,565	64,019
Annual fee - Securities and Exchange Commission of Pakistan		29,059	9,830
Settlement and bank charges		3,088	2,810
Auditors' remuneration	16	941	816
Mutual fund rating fee		289	538
Securities transaction cost		831	453
Professional charges		150	301
Annual listing fee		27	28
Other charges		3	66
Total expenses		653,349	598,267
Net income from operating activities		7,966,666	8,050,367
Net income for the year before taxation		7,966,666	8,050,367
Taxation	17	-	-
Net income for the year after taxation		7,966,666	8,050,367
Earnings per unit	18		
Allocation of net income for the year			
Net income for the year		7,966,666	8,050,367
Income already paid on units redeemed		(1,236,146)	(1,819,607)
		6,730,520	6,230,760
Accounting income available for distribution:			
- Relating to capital gains		-	-
- Excluding capital gains		6,730,520	6,230,760
		6,730,520	6,230,760

The annexed notes 1 to 32 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) -----	
Net income for the year after taxation	7,966,666	8,050,367
Other comprehensive income for the year	-	-
Total comprehensive income for the year	7,966,666	8,050,367

The annexed notes 1 to 32 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2024

	2024			2023		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	25,333,110	383,694	25,716,803	38,994,679	205,427	39,200,106
Issuance of 9,983,714,120 units (2023: 14,119,380,148 units)						
- Capital value (at ex - net assets value per unit)	106,097,928	-	106,097,928	148,973,580	-	148,973,580
- Element of income	1,432,419	-	1,432,419	1,635,772	-	1,635,772
Total proceeds on issuance of units	107,530,347	-	107,530,347	150,609,352	-	150,609,352
Redemption of 6,804,404,842 units (2023: 15,414,763,295 units)						
- Capital value (at ex - net assets value per unit)	(72,311,091)	-	(72,311,091)	(162,641,169)	-	(162,641,169)
- Element of loss	(298,755)	(1,236,146)	(1,534,901)	(728,667)	(1,819,607)	(2,548,274)
Total payments on redemption of units	(72,609,846)	(1,236,146)	(73,845,992)	(163,369,836)	(1,819,607)	(165,189,443)
Distribution for the year						
(Cash Distribution @ Re. 0.3658 per unit declared on August 29, 2023) August 30, 2022 Re. 0.2597 per unit.						
Total distribution	(80,705)	(832,288)	(912,993)	(398,456)	(786,883)	(1,185,339)
Distribution for the year						
(Cash Distribution @ Re. 0.3541 per unit declared on October 24, 2023) October 27, 2022 Re. 0.2581 per unit.						
Total distribution	(93,631)	(824,969)	(918,600)	(127,459)	(1,167,810)	(1,295,269)
Distribution for the year						
(Cash Distribution @ Re. 0.4012 per unit declared on December 27, 2023) December 27, 2022 Re. 0.2738 per unit.						
Total distribution	(129,609)	(784,133)	(913,742)	(146,287)	(1,014,732)	(1,161,019)
Distribution for the year						
(Cash Distribution @ Re. 0.3751 per unit declared on February 27, 2024) February 28, 2023 Re. 0.2930 per unit.						
Total distribution	(605,705)	(1,014,929)	(1,620,634)	(127,777)	(1,123,597)	(1,251,374)
Distribution for the year						
(Cash Distribution @ Re. 0.3408 per unit declared on April 24, 2024) April 27, 2023 Re. 0.3193 per unit.						
Total distribution	(56,637)	(1,491,674)	(1,548,311)	(60,428)	(1,130,205)	(1,190,633)
Distribution for the year						
(Cash Distribution @ Re. 0.1081 per unit declared on May 16, 2023)						
Total distribution	-	-	-	(7,295)	(395,438)	(402,733)
Distribution for the year						
(Cash Distribution @ Re. 0.3748 per unit declared on June 26, 2024) June 21, 2023 Re. 0.2111 per unit.						
Total distribution	(135,864)	(1,653,076)	(1,788,940)	(33,383)	(433,828)	(467,211)
Total comprehensive income for the year	-	7,966,666	7,966,666	-	8,050,367	8,050,367
Net assets at end of the year	59,151,460	513,145	59,664,604	25,333,110	383,694	25,716,803
Undistributed income brought forward						
- Realised income		427,672			164,228	
- Unrealised (loss) / gain		(43,978)			41,199	
		383,694			205,427	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		6,730,520			6,230,760	
		6,730,520			6,230,760	
Distribution during the year		(6,601,069)			(6,052,493)	
Undistributed income carried forward		513,145			383,694	
Undistributed income carried forward						
- Realised		500,558			427,672	
- Unrealised gain / (loss)		12,587			(43,978)	
		513,145			383,694	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			10.6271			10.5510
Net assets value per unit at end of the year			10.6558			10.6271

The annexed notes 1 to 32 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
	----- (Rupees in '000) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	7,966,666	8,050,367
Adjustments:		
Net unrealised (appreciation) / diminution on re-measurement of investments at 'fair value through profit or loss'	(12,587)	43,978
	<u>7,954,079</u>	<u>8,094,345</u>
(Increase) / decrease in assets		
Investments - net	(7,295,897)	1,806,513
Receivable against Margin Trading System	(433,357)	-
Profit receivable	(433,161)	(254,514)
Advance, deposit and prepayment	(209)	(326)
	<u>(8,162,624)</u>	<u>1,551,673</u>
Increase / (Decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	85,207	4,406
Payable to Central Depository Company of Pakistan Limited - Trustee	2,371	(1,098)
Payable to Securities and Exchange Commission of Pakistan	(6,227)	1,232
Accrued expenses and other liabilities	196,611	(69,384)
	<u>277,962</u>	<u>(64,844)</u>
Net cash generated from operating activities	<u>69,417</u>	<u>9,581,174</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received against issuance of units	104,964,219	150,321,741
Payment against redemption of units	(73,778,562)	(165,067,059)
Cash dividend paid	(6,601,069)	(6,052,493)
Net cash generated from / (used in) financing activities	<u>24,584,588</u>	<u>(20,797,811)</u>
Net increase / (decrease) in cash and cash equivalents	<u>24,654,005</u>	<u>(11,216,637)</u>
Cash and cash equivalents at beginning of the year	22,361,339	33,577,976
Cash and cash equivalents at end of the year	<u>47,015,344</u>	<u>22,361,339</u>

The annexed notes 1 to 32 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 Income Fund (the Fund) was established under a Trust Deed entered into July 28, 2011 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 11, 2011 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 Trust Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 14, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of Mutual Funds Association of Pakistan (MUFAP).
- 1.4 The Fund is an open-ended mutual fund classified as an "income scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5 The core objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector term finance certificates (TFCs) / sukuks, bank deposits and short-term money market instruments.
- 1.6 The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 on June 21, 2024 (2023: AM1 on June 22, 2023). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has maintained the stability rating of the Fund to A+(f) on March 28, 2024 (2023: A+(f) on March 28, 2023).
- 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.
- 1.8 The Fund also provides accidental death (free), life insurance / life takaful and health coverage to unitholders of the Fund as stated in the Offering Document.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- provisions of and directives issued under the Companies Act, 2017 along with the requirements of Part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations) and requirements of the Trust Deed.

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

2.1.2 The SECP vide SRO 800 (I)/2021 dated 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 Pakistan 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:

- Valuation of investment (4.2.5);
- Provisions (Note 4.4); and
- Classification and impairment of financial assets (Note 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 Covenants	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 standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 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 government securities

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

The government securities listed on a stock exchange (for example Listed GoP Ijara) are valued on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date.

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 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.

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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, term deposit receipt, certificate of investment and placements is recognised on time proportionate basis.
- Mark-up / return on investments in government securities and term finance certificates is recognized using effective interest method.

4.12 Expenses

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

		2024	2023
	Note	----- (Rupees in '000) -----	
5 BANK BALANCES			
In current accounts		876	797
In savings accounts	5.1	44,483,073	22,360,542
		44,483,949	22,361,339

- 5.1 These accounts carry profit at the rates ranging from 16.50% to 22.50% (30 June 2023: 19.5% to 23.25%) per annum.

6	INVESTMENTS	Note	2024	2023
			----- (Rupees in '000) -----	
Financial assets 'at fair value through profit or loss'				
	Term finance certificates (TFCs) and sukuks - listed	6.1	542,436	1,117,145
	Term finance certificates (TFCs) and sukuks - unlisted	6.2	1,766,388	2,012,386
	Government securities - GoP Ijarah Sukuk Certificates	6.3	1,613,483	-
	Government securities - Pakistan Investment Bonds	6.4	1,519,633	-
	Government securities - Market Treasury Bills	6.5	5,489,421	-
			10,931,361	3,129,531
Financial assets 'at amortised cost'				
	Letter of placement	6.6	2,038,049	-
	Term deposit receipts	6.7	-	-
	Certificate of Investment	6.8	-	-
			2,038,049	-
			12,969,410	3,129,531

6.1 Term finance certificates (TFCs) and sukuks - listed

Name of the investee company	As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024	Carrying Value June 30, 2024	Market value as at June 30, 2024	Unrealised Gain / Loss	Market value as a percentage of	
								Net assets	Total investments
	----- (Number of certificates) -----			----- (Rupees in '000) -----			----- (%) -----		
JS Bank Limited - TFC	1,150	-	1,150	-	-	-	-	-	-
Hub Power Company Limited - Sukuk-5	2,416	-	2,416	-	-	-	-	-	-
K- Electric - Sukuk-5	132,576	-	-	132,576	441,201	438,412	(2,789)	0.73	3.38
K- Electric - Sukuk-6	-	1,180	1,180	-	-	-	-	-	-
Soneri bank	1,050	-	-	1,050	102,801	104,024	1,223	0.17	0.80
Hub Power Company Limited - PP Sukuk	8,150	-	8,150	-	-	-	-	-	-
Total as at June 30, 2024	145,342	1,180	12,896	133,626	544,002	542,436	(1,566)	0.90	4.18
Total as at June 30, 2023					1,160,073	1,117,145	(42,928)		

- 6.1.1 Significant terms and conditions of listed term finance certificates and sukuks at the year end are as follows:

Name of securities	Repayment frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Listed term finance certificates and sukuks						
K- Electric - Sukuk-5	Quarterly	430,872,000	3 - Months KIBOR plus	August 03, 2020	August 03, 2027	AA+
Soneri bank	Semi Annually	104,937,000	6 - Months KIBOR plus	December 26, 2022	December 26, 2032	A+

6.2 Term finance certificates (TFCs) and sukuks - unlisted

Name of the investee company	Note	As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024	Carrying Value June 30, 2024	Market value as at June 30, 2024	Unrealised Gain / Loss	Market value as a percentage of	
									Net assets	Total investments
					----- (Number of certificates) -----			----- (Rupees in '000) -----		
								----- (%) -----		
Jahangir Siddiqui and Company Limited-10		28,000	-	28,000	-	-	-	-	-	-
Jahangir Siddiqui and Company Limited-11		32,800	-	32,800	-	-	-	-	-	-
Askari Commercial Bank Limited		283	-	-	283	285,168	281,585	(3,583)	0.47	2.17
Bank of Punjab	6.2.1	500	-	-	500	50,367	50,376	9	0.08	0.39
Hub Power Holding Limited - Sukuk-1		6,000	-	525	5,475	425,024	418,632	(6,392)	0.70	3.23
Meezan Sukuk		172	-	-	172	170,280	170,770	490	0.29	1.32
Samba Bank Limited	6.2.2	8,464	-	-	8,464	845,384	845,025	(359)	1.42	6.52
Lucky Electric Power Company		-	500	500	-	-	-	-	-	-
Total as at June 30, 2024		76,219	500	61,825	14,894	1,776,223	1,766,388	(9,835)	2.96	13.63
Total as at June 30, 2023						2,013,436	2,012,386	(1,050)		

6.2.1 The Fund has applied discretionary Mark-down on June 12, 2024 to the fair value of security. Post to discretionary mark-down, the price of this security has decreased from Rs. 101.7298 (MUFAP Price) to Rs.100.9940 per unit

6.2.2 The Fund has applied discretionary Mark-down on June 12, 2024 to the fair value of security. Post to discretionary mark-down, the price of this security has decreased from Rs. 100.6367 (MUFAP Price) to Rs.99.9575 per unit

6.2.3 Significant terms and conditions of unlisted term finance certificates and sukuks at the year end are as follows:

Name of securities	Number of certificates	Repayment frequency	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Unlisted term finance certificates and sukuks							
Askari Commercial Bank Limited	283	Quarterly	283,000,000	3 - Months KIBOR plus 1.20%	March 17, 2020	March 17, 2030	AA
Bank of Punjab	500	Semi Annually	49,880,000	6 - Months KIBOR plus 1.25%	April 23, 2018	April 23, 2028	AA
Hub Power Holding Limited - Sukuk	5,475	Semi Annually	410,625,000	6 - Months KIBOR plus 2.50%	November 12, 2020	November 12, 2025	AA+
Meezan Sukuk	172	Semi Annually	172,000,000	6 - Months KIBOR plus 0.35%	December 16, 2021	December 16, 2031	AAA
Samba Bank Limited	8,464	Semi Annually	845,384,320	6 - Months KIBOR plus 1.35%	March 01, 2021	March 01, 2031	AA-

6.3 Government securities - GoP Ijarah Sukuk Certificates

Name of security	As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024	Carrying Value June 30, 2024	Market value as at June 30, 2024	Unrealised Gain / Loss	Market value as a percentage of	
								Net assets	Total investments
					----- (Number of certificates) -----			----- (Rupees in '000) -----	
								----- (%) -----	
GIS-VRR-39	-	215,000	213,080	1,920	9,600	9,628	28	0.02	0.07
GIS-VRR-40	-	265,000	-	265,000	1,318,500	1,329,505	11,005	2.23	10.25
GIS-VRR-41	-	15,000	-	15,000	75,000	74,865	(135)	0.13	0.58
GIS-VRR-42	-	20,000	-	20,000	100,000	100,160	160	0.17	0.77
GIS-FRR-32	-	15,000	-	15,000	75,000	75,083	83	0.13	0.58
GoP Ijarah Sukuk - Listed	-	8,955	3,718	5,237	23,655	24,242	587	0.04	0.19
Total as at June 30, 2024	-	538,955	216,798	322,157	1,601,755	1,613,483	11,728	2.72	12.44
Total as at June 30, 2023									

6.3.1 Significant terms and conditions of GoP Ijarah Sukuk Certificates at the year end are as follows:

Name of securities	Number of certificates	Repayment frequency / principal redemption	Unredeemed face value (Rupees)	Mark-up rate (per annum)	Issue date	Maturity date	Rating
GIS-VRR-39 09-OCT-23 09-OCT-24	1,920	Semi Annually	9,600,000	Weighted average 6 months T-Bills	October 09, 2023	October 09, 2024	AAA
GIS-VRR-40 1y 04-DEC-23 04-DEC-24	265,000	Semi Annually	1,325,000,000	Weighted average 6 months T-Bills	December 04, 2023	December 04, 2024	AAA
GIS-VRR-41 3y 04-DEC-23 04-26	15,000	Semi Annually	75,000,000	Weighted average 6 months T-Bills	December 04, 2023	December 04, 2026	AAA
GIS-VRR-42 5y 04-DEC-23 04-28	20,000	Semi Annually	100,000,000	Weighted average 6 months T-Bills	December 04, 2023	December 04, 2028	AAA
GIS-FRR-32 3y 04-DEC-23 04- Dec-26	15,000	Semi Annually	75,000,000	Fixed Rate of return	December 04, 2023	December 04, 2026	AAA
GOPIS-01 1y 11-DEC-23 09-DEC-24	5,237	Annual	26,185,000	Fixed Rate of return	December 11, 2023	December 09, 2024	AAA

6.4 Government securities - Pakistan Investment Bonds

Issue date	Tenor	Face value				Carrying Value June 30, 2024	Market value as at June 30, 2024	Unrealised Gain / Loss	Market value as a percentage of		
		As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024				Net assets	Total investments	
								----- (Rupees in '000) -----		----- (%) -----	
October 22, 2020	3 Years	-	1,000,000	1,000,000	-	-	-	-	-	-	
December 30, 2021	2 Years	-	900,000	900,000	-	-	-	-	-	-	
July 04, 2023	3 Years	-	1,000,000	1,000,000	-	-	-	-	-	-	
October 19, 2023	5 Years	-	600,000	600,000	-	-	-	-	-	-	
December 14, 2023	5 Years	-	300,000	300,000	-	-	-	-	-	-	
January 17, 2024	5 Years	-	275,000	275,000	-	-	-	-	-	-	
September 08, 2022	2 Years	-	9,000,000	9,000,000	-	-	-	-	-	-	
October 07, 2021	3 Years	-	2,683,090	2,683,090	-	-	-	-	-	-	
April 18, 2024	5 Years	-	1,200,000	-	1,200,000	1,157,162	1,158,960	1,798	1.94	8.94	
September 21, 2023	5 Years	-	1,550,000	1,481,000	69,000	67,135	66,433	(702)	0.11	0.51	
October 19, 2023	3 Years	-	300,000	-	300,000	295,338	294,240	(1,098)	0.49	2.27	
Total as at June 30, 2024		-	18,808,090	17,239,090	1,569,000	1,519,635	1,519,633	(2)	2.54	11.72	
Total as at June 30, 2023						-	-	-			

6.5 Government securities - Market Treasury Bills

Issue date	Tenor	Face value				Carrying Value June 30, 2024	Market value as at June 30, 2024	Unrealised Gain / Loss	Market value as a percentage of		
		As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024				Net assets	Total investments	
								----- (Rupees in '000) -----		----- (%) -----	
August 10, 2023	3 months	-	1,000,000	1,000,000	-	-	-	-	-	-	
October 05, 2023	3 months	-	500,000	500,000	-	-	-	-	-	-	
October 19, 2023	3 months	-	500,000	500,000	-	-	-	-	-	-	
October 19, 2023	6 months	-	500,000	500,000	-	-	-	-	-	-	
November 02, 2023	3 months	-	500,000	500,000	-	-	-	-	-	-	
November 02, 2023	6 months	-	1,100,000	1,100,000	-	-	-	-	-	-	
November 02, 2023	12 months	-	500,000	500,000	-	-	-	-	-	-	
November 16, 2023	3 months	-	500,000	500,000	-	-	-	-	-	-	
November 16, 2023	6 months	-	500,000	500,000	-	-	-	-	-	-	
November 16, 2023	12 months	-	1,800,000	1,800,000	-	-	-	-	-	-	
November 30, 2023	3 months	-	500,000	500,000	-	-	-	-	-	-	
November 30, 2023	12 months	-	3,650,000	3,650,000	-	-	-	-	-	-	
November 30, 2023	6 months	-	500,000	500,000	-	-	-	-	-	-	
September 21, 2023	3 months	-	500,000	500,000	-	-	-	-	-	-	
December 14, 2023	6 months	-	500,000	500,000	-	-	-	-	-	-	
December 14, 2023	12 months	-	500,000	-	500,000	460,362	458,774	(1,588)	0.77	3.54	

NBP FINANCIAL SECTOR INCOME FUND

Issue date	Tenor	Face value				Carrying Value June 30, 2024	Market value as at June 30, 2024	Unrealised Gain / Loss	Market value as a percentage of	
		As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024				Net assets	Total investments
----- (Rupees in '000) -----								----- (%) -----		
January 11, 2024	12 months	-	250,000	250,000	-	-	-	-	-	
January 11, 2024	3 months	-	1,425,000	1,425,000	-	-	-	-	-	
January 11, 2024	6 months	-	125,000	-	125,000	124,350	124,299	(51)	0.21	
January 25, 2024	12 months	-	375,000	-	375,000	339,503	337,238	(2,265)	0.57	
March 07, 2024	3 months	-	375,000	375,000	-	-	-	-	-	
October 19, 2023	12 months	-	7,380,400	7,378,400	2,000	1,890	1,888	(2)	0.00	
April 06, 2023	12 months	-	4,300,000	4,300,000	-	-	-	-	-	
February 22, 2024	3 months	-	500,000	500,000	-	-	-	-	-	
April 04, 2024	3 months	-	375,000	375,000	-	-	-	-	-	
April 04, 2024	12 months	-	375,000	-	375,000	326,075	326,552	477	0.55	
April 18, 2024	12 months	-	4,308,000	1,465,000	2,843,000	2,453,275	2,462,126	8,851	4.13	
May 02, 2024	3 months	-	500,000	-	500,000	493,238	493,346	108	0.83	
May 02, 2024	6 months	-	500,000	500,000	-	-	-	-	-	
May 02, 2024	12 months	-	500,000	-	500,000	427,957	430,531	2,574	0.72	
May 16, 2024	12 months	-	500,000	-	500,000	426,274	428,444	2,170	0.72	
May 30, 2024	3 months	-	500,000	500,000	-	-	-	-	-	
May 30, 2024	6 months	-	500,000	500,000	-	-	-	-	-	
May 30, 2024	12 months	-	500,000	-	500,000	424,235	426,223	1,988	0.71	
Total as at June 30, 2024		-	36,838,400	30,618,400	6,220,000	5,477,159	5,489,421	12,262	9.21	42.32
Total as at June 30, 2023										

6.5.1 Investment in government securities - Market Treasury Bills include Market Treasury Bills with market value of Rs. 638.63 Million (2023: Nil) 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.

6.6 Letter of placement

Issue date	Counter Party	Face value				Carrying value as at June 30, 2024	Carrying value as a percentage of	
		As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024		Net assets	Total investment
----- (Rupees in '000) -----						----- (%) -----		
July 31, 2023	Pak Oman Investment Company Limited	-	2,500,000	2,500,000	-	-	-	
August 04, 2023	Pak Libya Holding Company Private Limited	-	2,000,000	2,000,000	-	-	-	
September 15, 2023	Pak Libya Holding Company Private Limited	-	2,051,896	2,051,896	-	-	-	
September 28, 2023	Pak Libya Holding Company Private Limited	-	2,068,376	2,068,376	-	-	-	
October 31, 2023	Pak Libya Holding Company Private Limited	-	2,110,732	2,110,732	-	-	-	
January 08, 2024	Pak Brunei Investment Company Limited	-	500,000	500,000	-	-	-	
January 09, 2024	Pak Kuwait Investment Company Private Limited	-	500,000	500,000	-	-	-	
January 11, 2024	Pak Libya Holding Company Private Limited	-	2,000,000	2,000,000	-	-	-	
January 17, 2024	Pak Oman Investment Company Limited	-	1,500,000	1,500,000	-	-	-	
February 09, 2024	Pak Oman Investment Company Limited	-	2,000,000	2,000,000	-	-	-	
February 12, 2024	Pak Libya Holding Company Private Limited	-	2,000,000	2,000,000	-	-	-	
February 16, 2024	Pak Oman Investment Company Limited	-	2,000,000	2,000,000	-	-	-	
February 19, 2024	Zarai Taraqati Bank Limited -	-	3,000,000	3,000,000	-	-	-	
February 20, 2024	Zarai Taraqati Bank Limited -	-	3,000,000	3,000,000	-	-	-	
February 20, 2024	Pak Oman Investment Company Limited	-	6,000,000	6,000,000	-	-	-	
February 21, 2024	Zarai Taraqati Bank Limited -	-	6,000,000	6,000,000	-	-	-	
February 27, 2024	Pak Libya Holding Company Private Limited	-	500,000	500,000	-	-	-	
February 28, 2024	Pak Libya Holding Company Private Limited	-	1,500,000	1,500,000	-	-	-	
March 06, 2024	Zarai Taraqati Bank Limited -	-	4,000,000	4,000,000	-	-	-	

Issue date	Counter Party	Face value				Carrying value as at June 30, 2024	Carrying value as a percentage of	
		As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024		Net assets	Total investment
----- (Rupees in '000) -----						----- (%) -----		
March 15, 2024	Pak Libya Holding Company Private Limited	-	2,000,000	2,000,000	-	-	-	
March 25, 2024	Pak Oman Investment Company Limited	-	4,000,000	4,000,000	-	-	-	
March 27, 2024	Pak Libya Holding Company Private Limited	-	500,000	500,000	-	-	-	
March 28, 2024	Pak Libya Holding Company Private Limited	-	1,500,000	1,500,000	-	-	-	
April 15, 2024	Pak Libya Holding Company Private Limited	-	2,000,000	2,000,000	-	-	-	
April 19, 2024	Zarai Taraqati Bank Limited -	-	1,000,000	1,000,000	-	-	-	
April 22, 2024	Zarai Taraqati Bank Limited -	-	4,000,000	4,000,000	-	-	-	
April 26, 2024	Zarai Taraqati Bank Limited -	-	2,500,000	2,500,000	-	-	-	
April 30, 2024	Pak Libya Holding Company Private Limited	-	1,500,000	1,500,000	-	-	-	
April 30, 2024	Pak Libya Holding Company Private Limited	-	500,000	500,000	-	-	-	
May 03, 2024	Pak Oman Investment Company Limited	-	4,000,000	4,000,000	-	-	-	
May 03, 2024	Zarai Taraqati Bank Limited -	-	3,000,000	3,000,000	-	-	-	
May 06, 2024	Pak Libya Holding Company Private Limited	-	2,000,000	2,000,000	-	-	-	
May 13, 2024	Pak Kuwait Investment Company Private Limited	-	3,000,000	3,000,000	-	-	-	
May 13, 2024	Pak Kuwait Investment Company Private Limited	-	1,500,000	1,500,000	-	-	-	
May 16, 2024	Zarai Taraqati Bank Limited -	-	3,500,000	3,500,000	-	-	-	
May 17, 2024	Pak Brunei Investment Company Limited	-	3,000,000	3,000,000	-	-	-	
May 17, 2024	Pak Brunei Investment Company Limited	-	2,500,000	2,500,000	-	-	-	
May 17, 2024	Pak Oman Investment Company Limited	-	3,500,000	3,500,000	-	-	-	
May 24, 2024	Pak China Investment Company Limited	-	1,000,000	1,000,000	-	-	-	
May 24, 2024	Pak Brunei Investment Company Limited	-	5,500,000	5,500,000	-	-	-	
May 31, 2024	Zarai Taraqati Bank Limited -	-	1,500,000	1,500,000	-	-	-	
May 31, 2024	Pak Brunei Investment Company Limited	-	3,000,000	3,000,000	-	-	-	
June 07, 2024	Pak Kuwait Investment Company Private Limited	-	5,000,000	5,000,000	-	-	-	
June 14, 2024	Zarai Taraqati Bank Limited -	-	5,000,000	5,000,000	-	-	-	
June 24, 2024	Pak Kuwait Investment Company Private Limited	-	3,300,000	3,300,000	-	-	-	
June 25, 2024	Pak Kuwait Investment Company Private Limited	-	2,440,000	2,440,000	-	-	-	
June 25, 2024	Zarai Taraqati Bank Limited -	-	500,000	500,000	-	-	-	
June 26, 2024	Pak Kuwait Investment Company Private Limited	-	2,750,000	2,750,000	-	-	-	
May 31, 2024	Pak Libya Holding Company Private Limited	-	1,528,537	-	1,528,537	1,528,537	2.56	
May 31, 2024	Pak Libya Holding Company Private Limited	-	509,512	-	509,512	509,512	0.85	
Total as at June 30, 2024		-	122,759,053	120,721,004	2,038,049	2,038,049	3.41	
Total as at June 30, 2023		-	-	-	-	-	-	

6.7 Term deposit receipts

Name of investee company	Profit Rate per Annum	Maturity Date	Face value				Carrying value as at June 30, 2024	Carrying value as a percentage of	
			As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024		Net assets	Total investments
----- (Rupees in '000') -----						----- (%) -----			
Soneri Bank Limited	23.50%	October 11, 2023	-	4,100,000	4,100,000	-	-	-	
Total as at June 30, 2024			-	4,100,000	4,100,000	-	-	-	
Total as at June 30, 2023			-	-	-	-	-	-	

6.8 Certificate of Investment

Name of Issuer	Profit Rate per Annum	Maturity Date	Face value				Carrying value as at June 30, 2024	Carrying value as a percentage of	
			As at July 01, 2023	Purchases during the year	Sales / matured during the year	As at June 30, 2024		Net assets	Total investments
			----- (Rupees in '000') -----				----- (%) -----		
Pak Oman Investment Company Limited	22.10%	April 29, 2024	-	1,500,000	1,500,000	-	-	-	
Total as at June 30, 2024			-	1,500,000	1,500,000	-	-	-	
Total as at June 30, 2023			-	-	-	-	-	-	

6.9 Net unrealized diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	Note	2024	2023
		----- (Rupees in '000) -----	
Market value of investments	6.1, 6.2, 6.3, 6.4 & 6.5	10,931,361	3,129,531
Less: carrying value of investments	6.1, 6.2, 6.3, 6.4 & 6.5	(10,918,774)	(3,173,509)
		<u>12,587</u>	<u>(43,978)</u>

7 RECEIVABLE AGAINST MARGIN TRADING SYSTEM

These are matured at the option of financee subject to maximum period of 60 days.

8 PROFIT RECEIVABLE	Note	2024	2023
		--- (Rupees in '000) ---	
Profit receivable on:			
Savings accounts		716,165	398,045
Term finance certificates and sukuks		126,647	127,439
Pakistan Investment Bonds		69,025	-
Margin Trading System		8,208	-
Letter of Placement		38,600	-
		<u>958,645</u>	<u>525,484</u>

9 ADVANCE, DEPOSIT AND PREPAYMENT

Advance tax	9.1	3,803	3,803
Security deposits with:			
- Central Depository Company of Pakistan Limited		2,850	2,850
Prepaid mutual fund rating fee		499	290
		<u>7,152</u>	<u>6,943</u>

- 9.1 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 withholders. The tax withheld on dividends and profit on bank balances as at June 30, 2024, amounts to Rs 3.803 million (2023: Rs 3.803 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.

10	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024	2023
			--- (Rupees in '000) ---	
	Management remuneration	10.1	53,122	18,995
	Sindh Sales Tax on management remuneration	10.2	6,906	2,469
	Sales load and transfer load		31,573	6,287
	Sindh Sales Tax on sales and transfer load		4,105	817
	Reimbursement of selling and marketing expenses	10.3	36,894	27,225
	Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	20,589	12,576
	Other payable to management company		1,621	1,234
			154,810	69,603

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

Rate applicable from July 1, 2023 to June 30, 2024	Rate applicable from July 1, 2022 to June 30, 2023
1.07% of average annual net assets	0.57% of average annual 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.

2024		2023
Rate applicable from July 1, 2023 to July 20, 2023	Rate applicable from July 21, 2023 to June 30, 2024	Rate applicable from July 01, 2022 to June 30, 2023
0.33%	0.15%	0.33%

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

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

2024	2023
Rate applicable from July 1, 2023 to June 30, 2024	Rate applicable from July 1, 2022 to June 30, 2023
0.15%	0.13%

- 10.5** During the year, the Securities and Exchange Commission of Pakistan (SECP) carried out 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
11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee remuneration	11.1	3,609	1,510
Sindh Sales Tax on Trustee remuneration	11.2	468	196
		<u>4,077</u>	<u>1,706</u>

- 11.1** Effective from 1 July 2019 the Trustee has charged remuneration at the rate of 0.075% (June 30, 2023 0.075%) per annum of net assets of the Fund. 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
12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Fee payable	12.1	<u>3,603</u>	<u>9,830</u>

- 12.1** 'Under the provisions of the NBFC Regulations, a collective investment scheme categorized as an "Income scheme" is required to pay as annual fee to the SECP, an amount equal to 0.075% (2023: 0.02%) of the average annual net assets of the Fund.

The fee is payable to the Securities and Exchange Commission of Pakistan monthly in arrears.

		2024	2023
13 ACCRUED EXPENSES AND OTHER LIABILITIES			
Federal Excise Duty on remuneration to Management Company	13.1	14,948	14,948
Federal Excise Duty on sales and transfer load		467	467
Auditors' remuneration payable		655	619
Printing charges payable		30	71
Bank and CDC charges payable		79	84
Withholding tax payable		223,115	51,488
Capital gain tax payable		31,665	3,958
Professional charges payable		54	174
Brokerage payable		92	22
Others payable		34,916	37,579
		<u>306,021</u>	<u>109,410</u>

- 13.1** As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on September 04, 2013.

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

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honourable Supreme Court against the Sindh High Court's decision dated June 02, 2016, which is pending for the decision. However, after the exclusion of the mutual funds from federal statute on FED from July 01, 2016, the Fund has discontinued recognising the provision in this regard.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 16.444 million out of which Rs. 1.495 million have been paid to the Management Company (June 30, 2023: Rs. 1.495 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.0026 (June 30, 2023: Re. 0.0061) per unit.

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.

15	NUMBER OF UNITS IN ISSUE	Note	2024	2023
			----- (Units) -----	
	Total units in issue at beginning of the year		2,419,928,803	3,715,311,951
	Add: Units issued during the year		9,983,714,120	14,119,380,148
	Less: Units redeemed		(6,804,404,842)	(15,414,763,296)
	Total units in issue at end of the year		<u>5,599,238,081</u>	<u>2,419,928,803</u>

16	AUDITORS' REMUNERATION	2024	2023
		---- (Rupees in '000) ----	
	Annual audit fee	561	468
	Half yearly review	231	193
	Other certifications	-	70
	Out of pocket expenses and others including government levy	149	85
		<u>941</u>	<u>816</u>

17 TAXATION

- 17.1** The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders as a cash dividend. Provided that for the purpose of determining the 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 PER UNIT

Earnings 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 1.68% (2023: 1.22%) which includes 0.22% (2023: 0.11%) representing government levies on the Fund such as sales taxes, annual fees to SECP, etc. The TER excluding government levies is 1.46% (2023: 1.11%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / Related parties

20.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and 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 transactions with related parties / connected persons during the year are as follows:

	2024	2023
	----- (Rupees in '000) -----	
NBP Fund Management Limited - Management Company		
Remuneration of Management Company	414,028	279,358
Sindh Sales Tax on remuneration of Management Company	53,824	36,317
Sales load and transfer load including SST	33,040	-
Reimbursement of selling and marketing expenses	60,707	162,076
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	57,565	64,019
Divided re-invested: 2,683,962 units (2023: 757,241 units)	28,539	7,994
Units issued: 2,042 units (2023: 40,288,505 units)	9	426,920
Units redeemed: 13,328,989 units (2023: 18,208,500 units)	146,576	195,000
ADC charges including SST	2,887	1,052
Central Depository Company Of Pakistan Limited - Trustee		
Remuneration of Trustee	29,059	36,863
Sindh Sales Tax on Trustee remuneration	3,778	4,792
CDC Charges	414	-
National Bank of Pakistan - Parent of the Management Company		
Profit earned	8,705	4,778

	2024	2023
	----- (Rupees in '000) -----	
Bank Islami Pakistan Limited (Common Directorship)		
Profit earned	2,450	12,856
Fauji Fertilizer Company Limited (Common Directorship)		
Units issued: 46,804 units (2023: 5,130,741,561 units)	497	54,579,898
Units redeemed: 977,966 units (2023: 5,633,577,226 units)	10,563	60,543,927
Dividend re-invested: 82,017 units (2023: 24,370,721 units)	872	257,245
Haider Amjad (Close Family Member Of Key Management Personnel)		
Dividend re-invested: 2,259 units (2023: 3,551 units)	24	37
Units Issued / Transferred In 271,602 units (2023: 454,701 units)	2,896	4,840
Units Redeemed / Transferred Out 372,617 units (2023: 312,393 units)	4,014	3,352
K-Electric (Common Directorship)		
TFC / Sukuk - Buy	-	500,000
Baltoro Partners Pvt Limited - Sponsor		
Dividend Re-invest Units Issued 13,355 units (2023: 126,865 units)	142	1,339
Units Issued / Transferred In 1,887,424 units (2023: 6,344,169 units)	20,075	67,000
Units Redeemed / Transferred Out 1,621,945 units (2023: 6,988,165 units)	17,450	74,782
Khushhali Microfinance Bank Limited (Common Directorship)		
Mark-up on bank deposit	57,941	687,356
Telenor Microfinance Bank Limited (Common Directorship)		
Mark-up on bank deposit	788	115
T-bill purchased	-	993,351
Employees of the Management Company		
Dividend re-invested: 638,093 units (2023: 464,847 units)	6,785	4,907
Units issued: 78,578,363 units (2023: 126,274,156 units)	841,922	1,341,105
Units redeemed: 87,375,723 units (2023: 114,134,532 units)	950,907	1,226,414
Ansaar Management Company Pvt Ltd - (Common Directorship)		
Units Issued / Transferred In 522 Units (2023: Nil units)	*-	-
Dividend re-invest 1,110,974 units (2023: Nil units)	11,813	-
Portfolios managed by NBP Funds		
Dividend re-invested: 726,248 units (2023: 2,525,900)	7,723	26,663
Units issued: 68,857,323 units (2023: 648,628,884)	737,253	6,859,069
Units redeemed: 66,481,432 units (2023: 744,949,176)	718,597	8,006,956
Sale of T-Bill	2,804,465	-
Sale of TFC	134,483	-
Imran Zaffar - Director		
Dividend re-invested: 211,146 units (2023: 26,512)	2,245	280
Units issued: 2,089,083 units (2023: 1,137,343)	22,200	12,000
Units redeemed: 41,619 units (2023: 791,505)	450	8,500

* Nil due to rounding off

	2024	2023
	----- (Rupees in '000) -----	
National Fullerton Asset Management Ltd- Emp. Provident Fund		
Units issued: Nil units (2023: 1,499,178)	-	16,017
Units redeemed: Nil units (2023: 1,499,178)	-	16,059
CDC Trustee NBP Income Plan-I		
Dividend re-invested: Nil units (2023: 266,075,775)	-	2,816,391
Units issued: 388,951,502 units (2023: 218,915,114)	4,133,493	2,332,750
Units redeemed: 287,574,613 units (2023: Nil)	3,082,200	-
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
Ibrahim Holdings Private Limited		
Dividend re-invested: 102,093,598 units (2023: Nil units)	1,085,589	-
Units issued: 1,873,423,575 units (2023: Nil units)	19,908,747	-
Units redeemed: 24,282,287 units (2023: Nil units)	258,206	-
20.7 Amounts outstanding at year end		
NBP Fund Management Limited - Management Company		
Management remuneration payable	53,122	18,995
Sindh Sales Tax on management remuneration	6,906	2,469
Sales load and transfer load payable	31,573	6,287
Sindh Sales Tax on sales and transfer load	4,105	817
Reimbursement of selling and marketing expenses	36,894	27,225
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	20,589	12,576
ADC charges including SST	1,452	692
Other payable	169	542
Units held 12,194,262: (2023: 242,694) units	129,940	22,837
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	3,609	1,510
Sindh Sales Tax on Trustee remuneration	468	196
Security deposit	100	100
National Bank of Pakistan - Parent of the Management Company		
Balance in current account	325	325
Balance in savings account	5,468	65,507
Profit receivable on bank deposit	1,413	3,304
Portfolios managed by NBP Funds		
6,281,594 units held (2023: 2,887,781 units)	66,935	30,687
Fauji Fertilizer Company Limited (Common Directorship)		
Nil Units held: (2023: 849,146 units)	-	9,024

	2024	2023
	----- (Rupees in '000) -----	
Khushhali Microfinance Bank Limited (Common Directorship)		
Bank Balance	112	1,052,580
Interest income receivable	298	26,430
Telenor Microfinance Bank Limited (Common Directorship)		
Bank Balance	26	25
Interest income receivable	1,276	490
Bank Islami Pakistan Limited (Common Directorship)		
Bank Balance	64,748	25,551
Profit receivable	356	246
Ansaar Management Company (Common Directorship)		
6,950,301 Units Held (2023: Nil units)	74,061	-
Employees of the Management Company		
8,970,398 units held (2023: 15,511,544 units)	95,587	164,843
Khalid Mehmood - CFO		
2 units held (2023: Nil units)	-*	-
Imran Zaffar - Directors		
2,630,961 units held (2023: 372,351 units)	28,035	3,957
Haider Amjad		
47,104 units held (2023: 145,859 units)	502	1,550
CDC Trustee NBP Income Plan-I		
148,537,550 units held (2023: 47,160,661 units)	1,582,786	501,181
Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund		
Ibrahim Holdings Private Limited		
1,951,234,887 units held (2023: Nil units)	20,791,969	-

* Nil due to rounding off

		2024	2023
		----- (Rupees in '000) -----	
21 CASH AND CASH EQUIVALENTS	Note		
Bank balances	5	44,483,949	22,361,339
Government securities - Market Treasury Bills	6.5	493,346	-
Letter of placement	6.6	2,038,049	-
		<u>47,015,344</u>	<u>22,361,339</u>

June 30, 2024

22 FINANCIAL INSTRUMENTS BY CATEGORY

	Amortised Cost	At Fair value through profit or loss	Total
----- (Rupees in '000) -----			
Financial assets			
Bank balances	44,483,949	-	44,483,949
Investments	2,038,049	10,931,361	12,969,410
Profit receivable	958,645	-	958,645
Receivables from funds under management by Management Company against conversion of units	1,493,755	-	1,493,755
Deposit	2,850	-	2,850
Receivable against margin trading system	433,357	-	433,357
	49,410,605	10,931,361	60,341,966
Financial liabilities			
Payable to NBP Fund Management Limited - Management Company	154,810	-	154,810
Payable to Central Depository Company of Pakistan Limited - Trustee	4,077	-	4,077
Payable against redemption / conversion of units	213,153	-	213,153
Accrued expenses and other liabilities	35,826	-	35,826
	407,866	-	407,866
Net assets attributable to unit holders	59,664,604	-	59,664,604

June 30, 2023

	Amortised Cost	At Fair value through profit or loss	Total
----- (Rupees in '000) -----			
Financial assets			
Bank balances	22,361,339	-	22,361,339
Investments	-	3,129,531	3,129,531
Profit receivable	525,484	-	525,484
Receivables from funds under management by Management Company against conversion of units	29,778	-	29,778
Deposit	2,850	-	2,850
	22,919,451	3,129,531	26,048,982
Financial liabilities			
Payable to NBP Fund Management Limited - Management Company	69,603	-	69,603
Payable to Central Depository Company of Pakistan Limited -Trustee	1,706	-	1,706
Payable against redemption of units	145,723	-	145,723
Accrued expenses and other liabilities	38,549	-	38,549
	255,581	-	255,581
Net assets attributable to unit holders	25,716,803	-	25,716,803

23 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 invest in a portfolio of money market investments such as government securities, secured privately placed instruments, Term finance certificate and investments in other money market instruments (including the clean placements). 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.

23.1 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.

23.1.1 (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, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates, Corporate Sukuks and GOP Ijarah. 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's variable rate risk arises from term finance certificates, bank balances in saving accounts, floating rate Pakistan Investment Bonds and variable rate GOP Ijarah. In case of 100 basis points increase / decrease on the last repricing date of these term finance certificates with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 498.26 million (2023: Rs 254.90 million).

(b) Sensitivity analysis for fixed rate instruments

The Fund is exposed to fair value interest rate risk for investment in government securities (i.e. Treasury Bills, fixed rate GOP Ijarah and listed GOP Ijarah)

In case of 100 basis points increase in interest rates on June 30, 2024, with all other variable held constant, the net income for the period and the net assets would have been lower by Rs. 33.44 million.

In case of 100 basis points decrease in interest rates on June 30, 2024, with all other variable held constant, the net income for the period and the net assets would have been higher by Rs. 33.86 million.

NBP FINANCIAL SECTOR INCOME FUND



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 yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to Yield/ Interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
On-balance sheet financial instruments						
----- (Rupees in '000) -----						
Financial Assets						
Bank balances	16.50 - 22.50	44,483,073	-	-	876	44,483,949
Investments	19.03 - 22.30	2,531,395	250,108	10,187,907	-	12,969,410
Profit receivable		-	-	-	958,645	958,645
Receivables from fund under management by Management Company against conversion of units		-	-	-	1,493,755	1,493,755
Deposit		-	-	-	2,850	2,850
Receivable against margin trading system		-	-	-	433,357	433,357
		47,014,468	250,108	10,187,907	2,889,483	60,341,966
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	154,810	154,810
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	4,077	4,077
Payable against redemption / conversion of units		-	-	-	213,153	213,153
Accrued expenses and other liabilities		-	-	-	35,826	35,826
Net Assets attributable to unit holder		59,664,604	-	-	-	59,664,604
		59,664,604	-	-	407,866	60,072,470
On-balance sheet gap		(12,650,136)	250,108	10,187,907	2,481,617	269,496
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		(12,650,136)	250,108	10,187,907	2,481,617	269,496
Cumulative interest rate sensitivity gap		(12,650,136)	(12,400,028)	(2,212,121)		

June 30, 2023						
Effective yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to Yield/ Interest risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
On-balance sheet financial instruments						
----- (Rupees in '000) -----						
Financial Assets						
Bank balances	19.50 - 23.35	22,360,542	-	-	797	22,361,339
Investments	18.50 - 24.58	-	-	3,129,531	-	3,129,531
Profit receivable		-	-	-	525,484	525,484
Receivables from fund under management by Management Company against conversion of units		-	-	-	29,778	29,778
Deposit		-	-	-	2,850	2,850
		22,360,542	-	3,129,531	558,909	26,048,982
Financial liabilities						
Payable to NBP Fund Management Limited - Management Company		-	-	-	69,603	69,603
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,706	1,706
Payable against redemption / conversion of units		-	-	-	145,723	145,723
Accrued expenses and other liabilities		-	-	-	38,549	38,549
Net Assets attributable to unit holder		-	-	-	25,716,803	25,716,803
		-	-	-	25,972,384	25,972,384
On-balance sheet gap		22,360,542	-	3,129,531	(25,413,475)	76,598
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		22,360,542	-	3,129,531	(25,413,475)	76,598
Cumulative interest rate sensitivity gap		22,360,542	22,360,542	25,490,073		

(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 does not have any instruments that expose it to price risk as of June 30, 2024 and June 30, 2023.

23.2 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.

Ratings	2024	2023
	----- (Rupees in '000) -----	
AAA	6,130,549	311,243
AA+	50,610	66,449
AA	1,680	648
AA-	18,234,614	7,286,644
A+	20,065,812	13,643,258
A	512	506
A-	112	1,052,591
BBB+	60	-
	<u>44,483,949</u>	<u>22,361,339</u>

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

23.3 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	154,810	-	-	-	-	154,810
Payable to Central Depository Company of Pakistan Limited - Trustee	4,077	-	-	-	-	4,077
Payable against conversion and redemption of units	213,153	-	-	-	-	213,153
Accrued expenses and other liabilities	35,171	655	-	-	-	35,826
	407,211	655	-	-	-	407,866
Net assets attributable to unit holders	59,664,604	-	-	-	-	59,664,604
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 - Management Company	69,603	-	-	-	-	69,603
Payable to Central Depository Company of Pakistan Limited - Trustee	1,706	-	-	-	-	1,706
Payable against conversion and redemption of units	145,723	-	-	-	-	145,723
Accrued expenses and other liabilities	37,930	619	-	-	-	38,549
	254,962	619	-	-	-	255,581
Net assets attributable to unit holders	25,716,803	-	-	-	-	25,716,803

24 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 30 June 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 Fund.

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 23, 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.

25 FAIR VALUE MEASUREMENT

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:

	Note	June 30, 2024						
		Carrying value			Fair value			
		At Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets measured at fair value Investment								
Investment in term finance certificates - listed		542,436	-	542,436	-	542,436	-	542,436
Investment in term finance certificates - unlisted		1,766,388	-	1,766,388	-	1,766,388	-	1,766,388
Government securities - Pakistan Investment Bonds		1,519,633	-	1,519,633	-	1,519,633	-	1,519,633
Government securities - Market Treasury Bills		5,489,421	-	5,489,421	-	5,489,421	-	5,489,421
Government securities - GoP Ijarah Sukuk Certificates		1,613,483	-	1,613,483	24,242	1,589,241	-	1,613,483
		10,931,361	-	10,931,361				

	Note	Carrying value			Fair value			
		At Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets not measured at fair value	25.1							
Investment								
Letter of placement		-	2,038,049	2,038,049				
Receivable against margin trading system		-	433,357	433,357				
Bank balances		-	44,483,949	44,483,949				
Profit receivable		-	958,645	958,645				
Receivables from fund under management by Management Company against conversion of units		-	1,493,755	1,493,755				
Deposit		-	2,850	2,850				
		-	49,410,605	49,410,605				
Financial liabilities not measured at fair value	25.1							
Payable to NBP Fund Management Limited - Management Company		-	154,810	154,810				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	4,077	4,077				
Payable against conversion and redemption of units		-	213,153	213,153				
Accrued expenses and other liabilities		-	35,826	35,826				
Net assets attributable to unit holders	25.2	-	59,664,604	59,664,604				
		-	60,072,470	60,072,470				
June 30, 2023								
	Note	Carrying value			Fair value			
		At Fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets measured at fair value								
Investment								
Investment in term finance certificates - listed		1,117,145	-	1,117,145	-	1,117,145	-	1,117,145
Investment in term finance certificates - unlisted		2,012,386	-	2,012,386	-	2,012,386	-	2,012,386
		3,129,531	-	3,129,531				
Financial assets not measured at fair value	25.1							
Bank balances		-	22,361,339	22,361,339				
Profit receivable		-	525,484	525,484				
Receivables from fund under management by Management Company against conversion of units		-	29,778	29,778				
Deposit		-	2,850	2,850				
		-	22,919,451	22,919,451				
Financial liabilities not measured at fair value	25.1							
Payable to NBP Fund Management Limited - Management Company		-	69,603	69,603				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	1,706	1,706				
Payable against conversion and redemption of units		-	145,723	145,723				
Accrued expenses and other liabilities		-	38,549	38,549				
Net assets attributable to unit holders	25.2	-	25,716,803	25,716,803				
		-	25,972,384	25,972,384				

25.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

25.2 Financial instruments not measured at FVTPL include Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value.

S. No.	Particulars	2024 (%)
1.	Alfalah Securities Pvt Ltd	13.32
2.	Continental Exchange Private Limited	12.56
3.	C & M Management Pvt. Limited	12.03
4.	BMA Capital Management Limited	11.28
5.	Invest One Markets Limited	11.04
6.	Magenta Capital (Pvt.) Ltd.	7.95
7.	Paramount Capital (Pvt) Ltd	6.3
8.	AKD Securities Limited	5.71
9.	J.S. Global Capital Ltd.	3.47
10.	Continental Exchange (Pvt.) Limited	3.21

List of brokers / dealers by percentage of commission paid / payable during the year ended June 30, 2023:

S. No.	Particulars	2023 (%)
1.	Bright Capital (Private) Limited	20.75
2.	Magenta Capital Pvt Ltd	18.75
3.	Invest One Markets Limited	12.75
4.	J.S. Global Capital Ltd.	12.73
5.	AKD Securities Limited	9.03
6.	Alfalah CLSA Securities Pvt Ltd	7.64
7.	Arif Habib Securities Limited	6.68
8.	Paramount Capital (Pvt) Ltd	5.69
9.	Continental Exchange Private Limited	3.00
10.	BIPL Securities Limited	1.54

27 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	36
Asim Wahab Khan	Chief Investment Officer	CFA	18
Salman Ahmed (note 28.1)	Head of Fixed Income	CFA	19
Hassan Raza	Head of Research	ACCA / BSC / CFA	13
Usama Bin Razi	Senior Manager - Fixed Income	BE, MBA	20

27.1 Mr. Salman Ahmed is the Fund Manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NBP Government Securities Liquid Fund
- NBP Money Market Fund
- NBP Government Securities Savings Fund
- NBP Mahana Amdani Fund
- NBP Financial Sector Income Fund
- NBP Income Opportunity Fund
- NBP Savings Fund
- NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - IV
- NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - V
- NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - VI
- NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - VII
- NBP Mustahkam Fund - NBP Fixed Term Munafa Plan - VIII
- NBP Mustahkam Fund – NBP Fixed Term Munafa Plan - IX
- NBP Mustahkam Fund – NBP Fixed Term Munafa Plan - X
- NBP Mustahkam Fund - li – NBP Fixed Term Munafa Plan - XI
- NBP Mustahkam Fund - li – NBP Fixed Term Munafa Plan - XII
- NBP Mustahkam Fund - li – NBP Fixed Term Munafa Plan - XIV
- NBP Income Fund Of Fund - NBP Cash Plan - I
- NBP Income Fund Of Fund - NBP Cash Plan - II
- NBP Income Fund Of Fund - NBP Income Plan - I
- NBP Government Securities Plan-II
- NBP Government Securities Plan-IV
- NBP Government Securities Plan -VI
- NBP Islamic Daily Dividend Fund
- NBP Riba Free Savings Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Savings Fund
- NBP Islamic Income Fund
- NBP Islamic Money Market Fund
- NBP Islamic Mustahkam Fund- NBP Islamic Fixed Term Munafa Plan - III
- NBP Islamic Mustahkam Fund - NBP Islamic Fixed Term Munafa Plan - V

28 PATTERN OF UNIT HOLDING

Category

Individuals
Bank and DFIs
Retirement Funds
Public Limited Companies
NBFC
Associated Companies and Directors
Others

As at June 30, 2024		
Number of unit holders	Investment amount	Percentage investment
(Rupees in '000) ---- (%) ---		
6,505	18,831,726	31.56
1	*-	*-
66	1,257,019	2.11
8	3,575,992	5.99
1	1,582,786	2.65
3	157,975	0.26
180	34,259,106	57.42
6,764	59,664,604	100.00

* Nil due to rounding off

Category

As at June 30, 2023			
Number of unit holders	Investment amount	Percentage investment	
(Rupees in '000) ---- (%) ---			
Individuals	5,959	12,667,293	49.26
Insurance Companies	4	122,911	0.48
Bank and DFIs	1	*-	*-
Retirement Funds	66	1,300,262	5.06
Public Limited Companies	8	2,188,433	8.51
NBFC	1	501,180	1.95
Associated Companies and Directors	3	246,631	0.96
Others	185	8,690,093	33.78
	6,227	25,716,803	100.00

* Nil due to rounding off

29 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	-	-

30 GENERAL

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

31 CORRESPONDING FIGURES

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

32 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)

Chief Financial Officer

Chief Executive Officer

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 e x nav	38.10%	-	-	3.64%	-	-
Income distribution as a % of par value	51.39%	-	-	3.28%	-	-
Distribution						
Interim distribution per unit	5.1393			0.3281		
Final distribution per unit						
Distribution Dates						
Interim	28/Jun/24			25/Jun/21		
Final						
Average annual return of the fund (launch date February 14, 2018)						
(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)						

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