

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگز

NBP Fund Management Limited



NBP ISLAMIC GOVERNMENT SECURITIES FUND - I

ANNUAL REPORT
2024

AM1
Rated by PACRA

MISSION STATEMENT

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

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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource & Remuneration Committee

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

Strategy & Business Planning Committee

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

* Pending SECP approval

Trustee

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

Bankers to the Fund

Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited
Soneri Bank Limited

Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

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



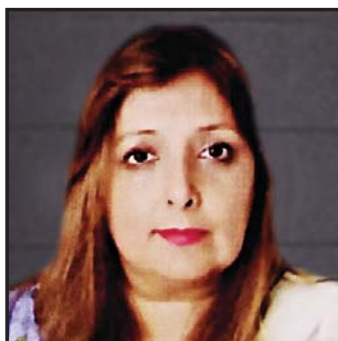
Mr. Faisal Ahmed*
Director



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 1st Annual Report of **NBP Islamic Government Securities Plan- III (NIGSP-III)** for the year ended June 30, 2024.

Fund's Performance

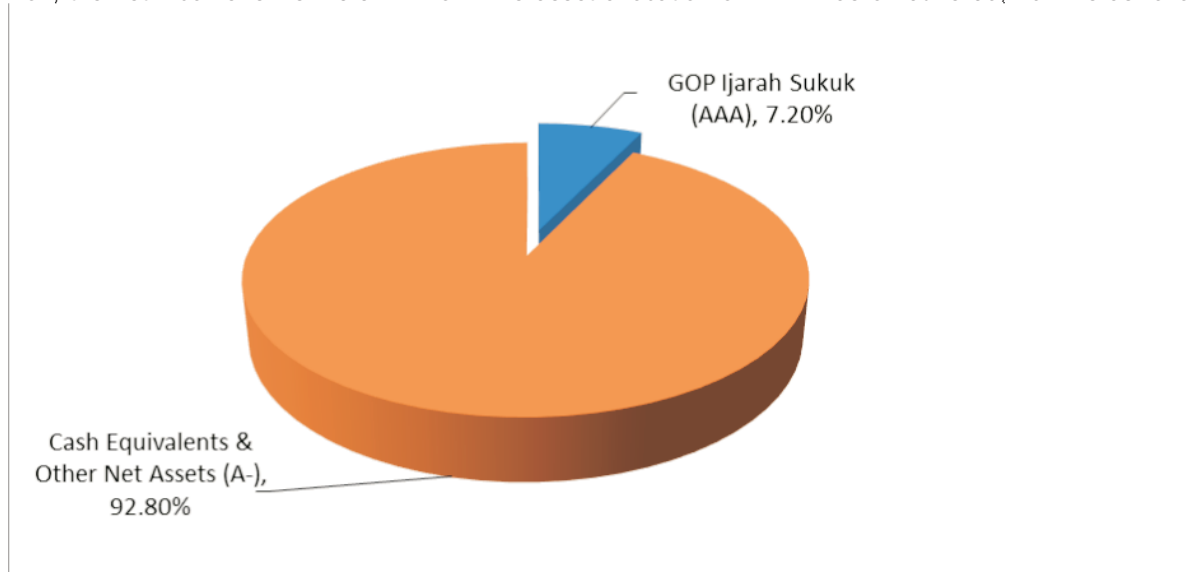
The market witnessed some fresh issuance of shariah compliant corporate sukuks, which helped the undersupplied market for the shariah compliant debt securities. In FY24, the State Bank's Monetary Policy Committee (MPC) held eight meetings, reducing the policy rate by 150 basis points in the fourth quarter 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.

NIGSP-III is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'AA (f)' by PACRA. The fund aims to provide investors with attractive returns, by investing primarily in Shariah Compliant Government Securities.

The fund NBP Islamic Government Securities Plan- III (NIGSP-III) was launched on January 19, 2024 and closed at Rs. 611 million on June 30, 2024. During the period, the unit price of the Fund has increased from Rs 9.1725 (Ex-Div) since inception to Rs. 10.0271, thus showing a return of 20.86% as compared to the benchmark return of 19.50%. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 51.42 million during the period. After deducting total expenses of Rs. 2.91 million, the net income is Rs. 48.51 million. The asset allocation of NMMF as on June 30, 2024 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 8.93% of the opening ex-NAV (8.93% 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 A.F. Ferguson & Co., Chartered Accountants, retired 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, 2017

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 26 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 18 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2024, the Board included:

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer**Director**

Date: October 30, 2024
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP اسلامک گورنمنٹ سیکورٹیز پلان-III (NIGSP-III) کی پہلی سالانہ رپورٹ برائے مختتمہ سال 30 جون 2024ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

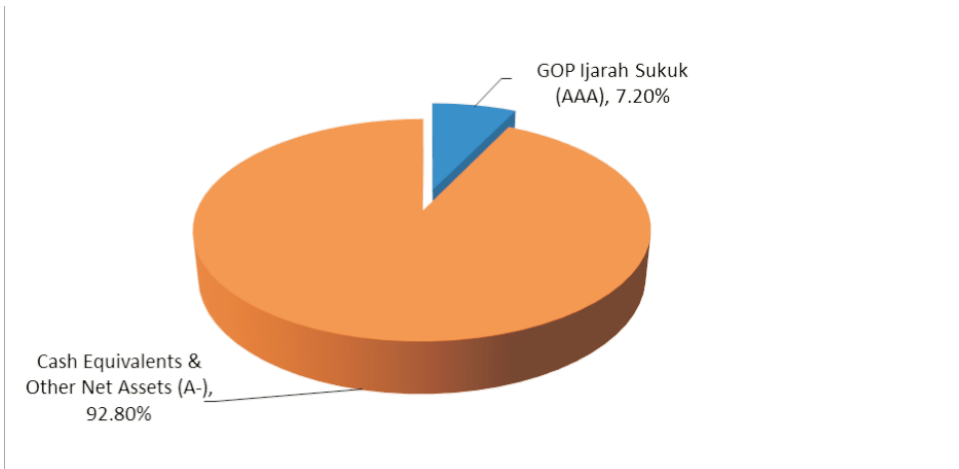
مارکیٹ میں چند نئے شریعہ کھلائے کار پوربٹ سلوک کا اجراء دیکھا گیا، جس نے شریعہ کھلائے کار ڈیٹ سیکورٹیز کے لئے سست مارکیٹ کی مدد کی۔ مالی سال 24 میں اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (ایم پی سی) کے 18 اجلاس منعقد ہوئے، چوتھی سہ ماہی میں پالیسی شرح 150 بیس پوائنٹس کم کر کے 20.50 فیصد کر دی گئی۔ یہ فیصلہ بہتر میکرو اکنامک 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 شکس، 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 توقع کی سست ہو سکتی ہے۔

مثبت بات یہ ہے کہ کرنٹ اکاؤنٹ خسارے میں کمی، آنکھچ 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 لچبھی 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 2024 تک اسٹیٹ بینک آف پاکستان کے خالص لیکویڈ زرمبادلہ کے ذخائر 9.4 ارب ڈالر تھے۔

NIGSP-III کی شریعہ کمپلائنس انکم فنڈ کے طور پر درجہ بندی کی گئی ہے اور PACRA کی طرف سے اسے 'AA(f)' کی اسٹیبلٹی ریٹنگ تفویض کی گئی ہے۔ اس فنڈ کا مقصد بنیادی طور پر شریعہ کمپلائنس گورنمنٹ سیکورٹیز میں سرمایہ کاری کر کے سرمایہ کاروں کو پُرکشش منافع فراہم کرنا ہے۔

فنڈ NBP اسلامک گورنمنٹ سیکورٹیز پلان-III (NIGSP-III) کا 19 جنوری 2024 کو آغاز کیا گیا اور 30 جون 2024 کو 611 ملین روپے پر بند ہوا۔ زیر جائزہ مدت کے دوران، فنڈ کے پورٹ فولیو کی قیمت اپنے آغاز کو (Ex-Div) 9.1725 روپے سے بڑھ کر 10.0271 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک منافع 19.50% کے مقابلے میں 20.86% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے اس مدت کے دوران 51.42 ملین روپے کی مجموعی آمدنی کمائی۔ 2.91 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 48.51 ملین روپے ہے۔ NMMF کی ایسٹ ایلوکیٹیشن بمطابق 30 جون 2024ء حسب ذیل ہے۔





آمدنی کی تقسیم

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2024 سال کے اختتام پر اویٹنگ ex-NAV کا 8.93% (بنیادی قیمت کا 8.93%) 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 منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر اکریٹس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ ڈیٹیر، مینسز اے ایف فرگن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے اور اہل ہونے کی بناء پر، 30 جون 2025 کو ختم ہونے والے سال کی دوبارہ تفری کے لئے خود کو پیش کرتے ہیں۔

لسٹڈ کمپنیوں کو ڈی آف کارپوریٹ گورننس ریگولیشنز 2019 ("CCG") کی بیرونی میں ڈائریکٹرز اسٹیٹمنٹ

- 1 • منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور 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 بیرونی کی گئی ہے۔ شمار یاتی 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 بیرونی کی گئی ہے۔
- 5 • انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 • فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 • کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 • پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 • ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادا نیکیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 • اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 26 میں ظاہر کی گئی ہے۔
- 11 • پونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
- 12 • ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 18 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 فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2024 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

کیٹگری	نام
آزاد ڈائریکٹرز	<ul style="list-style-type: none"> •1 خالد منصور •2 سعد امان اللہ خان •3 روجیل محمد
ایگزیکٹو ڈائریکٹر	ڈاکٹر امجد وحید - چیف ایگزیکٹو آفیسر
نان ایگزیکٹو ڈائریکٹر	<ul style="list-style-type: none"> •1 شیخ محمد عبدالواحد سیٹھی (چیئر مین) •2 توقیر مظہر •3 محترمہ مہنا ز سالار •4 علی سہگل •5 عمران ظفر



اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز

NBP فونڈ 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 Islamic Government Securities Fund - I (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 period from January 19, 2024 to 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, October 30, 2024

FUND MANAGER REPORT

NBP ISLAMIC GOVERNMENT SECURITIES PLAN- III

NBP Islamic Government Securities Plan- III (NIGSP-III) is an Open-End Shariah Compliant Income Fund.

Investment Objective of the Fund

To provide investors with attractive returns, by investing primarily in Shariah Compliant Government Securities.

Benchmark

Average of 6 months of PKISRV Rates.

Fund Performance Review

This is the 1st Annual report since the launch of the Fund on January 19, 2024. The Fund is awarded a stability rating of AA(f) by PACRA. The Fund size stands at Rs. 611 million as of June 30, 2024. Since its inception, the Fund posted a return of 20.9% p.a. versus the benchmark return of 19.5% p.a. The return of the Fund is net of the management fee.

The market witnessed some fresh issuance of shariah compliant corporate sukuks, which helped the undersupplied market for the shariah compliant debt securities. 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.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-24
GOP Ijara Sukuk	94.14%
Cash & Other Assets	5.86%
Total	100.00%

Distribution for the Financial Year 2024

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex-Div. Price
June-2024	7.752%	10.7752	10

Unit Holding Pattern of NBP Islamic Government Securities Plan- III as on June 30, 2024

Size of Unit Holding (Units)	# of Unit Holders
1-1000	1
1001-5000	0
5001-10000	3
10001-50000	2
50001-100000	2
100001-500000	18
500001-1000000	6
1000001-5000000	24
	56

During the period under question

There has been no significant change in the state of affairs of the Fund. NBP Islamic Government Securities Plan- III does not have any soft commission arrangement with any broker in the industry.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Government Securities Fund I (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the period from January 19, 2024 to June 30, 2024. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **October 30, 2024**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

October 29, 2024/ Rabi Al-Akhar 25, 1446

Alhamdulillah, the period from July 1, 2023 to June 30, 2024 marks the First year of the operations of NBP Islamic Government Securities Funds - I (the "NIGSF-I" or the "Fund") under management of NBP Funds Management Limited (the "NBP Funds" or the "Management Company"). Under this fund, NBP Funds launched its NBP Islamic Government Securities Plan- III (the "NIGSP-III" or the "Plan") on 19 January, 2024.

In the capacity of Shariah Supervisory Board (the "SSB"), we have prescribed specific criteria and procedures to ensure that every investment aligns with Shariah principles and rules.

It is the responsibility of the Management Company of the Fund to establish and maintain a system of internal controls to ensure Shariah compliance with the Shariah principles, policies and guidelines issued by the SSB and Shariah Governance Regulations issued by Securities and Exchange Commission of Pakistan. The prime responsibility for ensuring Shariah compliance of the Fund operations lies with the Board of Directors and Executive Management.

Based on our day to day reviews during the year and subsequent approvals for investments and related activities of the Fund, we hereby confirm that:

- i. The modes of investments, transactions, relevant documentation and procedures adopted have been in accordance with Shariah principles and rules
- ii. The affairs of the Fund have been carried out in accordance with Shariah principles and rules and relevant Shariah opinions and/or guidelines were issued accordingly from time to time

Based on the above facts, SSB is of the opinion that during the year, nothing has come to our attention that causes us to believe that overall operations of the Fund for the year ended June 30, 2024 are not in compliance with the Shariah principles and rules.

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

For and on behalf of Shariah Technical Services & Support

For and on behalf of NBP Fund's Shariah Supervisory Board

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

INDEPENDENT ASSURANCE REPORT ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2023

To The Board of Directors of NBP Fund Management Limited

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) - External Shariah Audit of NBP Islamic Government Securities Fund - I (the Fund) for assessing compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with the Shariah principles for the period ended June 30, 2024. This engagement was conducted by a multidisciplinary team including assurance practitioners and an independent Shariah scholar.

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the period ended June 30, 2024) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

- a) legal and regulatory framework administered by the SECP;
- b) Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by the SECP;
- c) Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan (ICAP), as notified by the SECP;
- d) guidance and recommendations of the Shariah advisory committee, as notified by the SECP; and
- e) approvals, rulings or pronouncements of Shariah Supervisory board or the Shariah Advisor of the Islamic financial institution, in line with (a) to (d) above.

Our engagement was carried out as required under Regulation 29 of Chapter VII of the Regulations.

The above criteria were evaluated for their implications on the financial statements of the Fund for the period ended June 30, 2024, which are annexed.

3. Management's Responsibility for Shariah Compliance

Management is responsible to ensure that the financial arrangements, contracts, and transactions, having Shariah implications, entered into by the Fund with its unit holders, other financial institutions and stakeholders and related policies and procedures are, in substance and legal form, in compliance with the requirements of Shariah rules and principles. The management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan (the Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management (ISQM-1) "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our Responsibility and Summary of the Work Performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications, with Shariah principles in all material respects for the period ended June 30, 2024, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

The procedures selected by us for the engagement depended on our judgement, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Fund's compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles (criteria specified in para 2 above).

We believe that the evidence we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

6. Conclusion

Based on our reasonable assurance engagement, we report that, in our opinion, the Fund's financial arrangements, contracts, and transactions for the period ended June 30, 2024 are in compliance with the Shariah principles (criteria specified in paragraph 2 above), in all material respects.

The engagement partner on the assurance resulting in this independent assurance report is **Nadeem Yousuf Adil**.

Yousuf Adil
Chartered Accountants

Date: October 30, 2024
Place: Karachi

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Islamic Government Securities Fund - I

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Islamic Government Securities Fund - I (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the period from January 19, 2024 to June 30, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the period from January 19, 2024 to June 30, 2024, in accordance with the 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 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 Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Net Asset Value (Refer note 5 to the financial statements)</p> <p>The investments constitute the most significant component of the net asset value (NAV). The investments of the Fund as at June 30, 2024 amounted to Rs. 575.460 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies

Other Information

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

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

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

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management 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 is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We communicate with 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 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 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

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Date: October 30, 2024

UDIN: AR2024100618WKcEPQT7

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

	Note	NBP Islamic Government Securities Plan - III 2024 (Rupees in '000)
ASSETS		
Bank balances	4	19,194
Investments	5	575,460
Profit receivable	6	18,363
Deposits and prepayments	7	254
Preliminary expenses and floatation costs	8	557
Total assets		613,828
LIABILITIES		
Payable to NBP Fund Management Limited - the Management Company	9	1,249
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	37
Payable to the Securities and Exchange Commission of Pakistan	11	45
Accrued expenses and other liabilities	12	1,204
Total liabilities		2,535
NET ASSETS		611,293
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		611,293
CONTINGENCIES AND COMMITMENTS	13	
		Number of units
NUMBER OF UNITS IN ISSUE	14	60,964,377
		(Rupees)
NET ASSET VALUE PER UNIT	3.6	10.0271

The annexed notes 1 to 28 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 PERIOD FROM JANUARY 19, 2024 TO JUNE 30, 2024

		NBP Islamic Government Securities Plan - III
		2024
		(Rupees in '000)
INCOME	Note	
Income on GoP ijarah sukuks certificates		44,029
Profit on bank balances		5,855
Loss on sale of investments - net		(262)
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.2	1,794
Total income		51,416
EXPENSES		
Remuneration of NBP Fund Management Limited - the Management Company	9.1	1,847
Sindh sales tax on remuneration of the Management Company	9.2	240
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1	135
Sindh sales tax on remuneration of the Trustee	10.2	18
Fee to the Securities and Exchange Commission of Pakistan	11.1	185
Amortisation of preliminary expenses and floatation costs	8	53
Auditors' remuneration	15	228
Legal and professional charges		50
Listing fee		26
Shariah advisory fee		31
Settlement and bank charges		32
Printing charges		5
Securities transaction costs		8
Rating fee		48
Total expenses		2,906
Net income for the period before taxation		48,510
Taxation	16	-
Net income for the period after taxation		48,510
Earnings per unit	3.14	
Allocation of net profit for the period		
Net income for the period after taxation		48,510
Income already paid on units redeemed		(24,850)
		23,660
Accounting income available for distribution		
- Relating to capital gains		1,532
- Excluding capital gains		22,128
		23,660

The annexed notes 1 to 28 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 PERIOD FROM JANUARY 19, 2024 TO JUNE 30, 2024

NBP Islamic Government Securities Plan - III
2024
(Rupees in '000)

Net income for the period after taxation	48,510
Other comprehensive income for the period	-
Total comprehensive income for the period	<u><u>48,510</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE PERIOD FROM JANUARY 19, 2024 TO JUNE 30, 2024

NBP Islamic Government Securities Plan - III		
2024		
Capital value	Undistributed income	Total
(Rupees in '000)		
Net assets at the beginning of the period	-	-
Issuance of 113,990,753 units		
- Capital value (at ex - net asset value per unit)	1,139,907	1,139,907
- Element of income	32,250	32,250
Total proceeds on issuance of units	1,172,157	1,172,157
Redemption of 53,026,376 units		
- Capital value (at ex - net asset value per unit)	(530,264)	(530,264)
- Element of loss	(7,545)	(32,395)
Total payments on redemption of units	(537,809)	(562,659)
Total comprehensive income for the period	-	48,510
Interim distribution for the period ended June 30, 2024 @ Re. 0.1178 per unit declared on February 7, 2024	(1,352)	(2,013)
Final distribution for the period ended June 30, 2024 @ Re. 0.7752 per unit declared on June 27, 2024	(23,348)	(44,702)
	(24,700)	(46,715)
Net assets at the end of the period	609,648	611,293
Undistributed income brought forward		
- Realised income		-
- Unrealised income		-
Accounting income available for distribution:		
- Relating to capital gains		1,532
- Excluding capital gains		22,128
		23,660
Distributions during the period		(22,015)
Undistributed income carried forward		1,645
Undistributed income carried forward:		
- Realised loss		(149)
- Unrealised income		1,794
		1,645
		(Rupees)
Net asset value per unit at the beginning of the period		-
Net asset value per unit at the end of the period		10.0271

The annexed notes 1 to 28 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 PERIOD FROM JANUARY 19, 2024 TO JUNE 30, 2024

	Note	NBP Islamic Government Securities Plan - III 2024 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		48,510
Adjustments:		
Income on GoP ijarah sukuks certificates		(44,029)
Profit on bank balances		(5,855)
Loss on sale of investments - net		262
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.2	(1,794)
Amortisation of preliminary expenses and floatation costs	8	53
		(51,363)
Increase in assets		
Investments		(573,928)
Preliminary expenses and floatation costs		(610)
Prepayments, deposits and other receivables		(254)
		(574,792)
Increase in liabilities		
Payable to NBP Fund Management Limited - the Management Company		1,249
Payable to Central Depository Company of Pakistan Limited - the Trustee		37
Payable to the Securities and Exchange Commission of Pakistan		45
Accrued expenses and other liabilities		1,204
		2,535
Profit received on bank balances and GoP Ijara sukuks certificates		31,521
Net cash used in operating activities		(543,589)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units - net of refund of capital		1,147,457
Amount paid against redemption of units		(562,659)
Dividend paid		(22,015)
Net cash generated from financing activities		562,783
Net increase in cash and cash equivalents during the period		19,194
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	4	19,194

The annexed notes 1 to 28 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 PERIOD FROM JANUARY 19, 2024 TO JUNE 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Islamic Government Securities Fund - I (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 26, 2023, in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund has been categorised as an open ended Shariah compliant income fund by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription under pre - IPO at a par value of Rs 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from January 19, 2024 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 The objective of NBP Islamic Government Securities Plan - III is to earn attractive returns with capital preservation by investing primarily in Government Securities. The investment objectives and policies are explained in the Fund's offering document.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 on June 21, 2024. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has given the stability rating of the Fund to AA(f) on March 13, 2024.
- 1.6 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.
- 1.7 As per the offering document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these financial statements have been prepared from January 19, 2024.
- 1.8 These are the first financial statements of the Fund for the period from January 19, 2024 to June 30, 2024, therefore, the comparative figures have not been presented.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Accounting 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 part VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the requirements of the Trust Deed differ from the IFRS Accounting 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 the requirements of the Trust Deed have been followed.

2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

There are certain other amendments that are mandatory for the Fund's accounting period beginning on or after July 1, 2024 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, have not been disclosed in these financial statements.

2.3 Critical accounting estimates and judgments

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on these financial statements of the Fund relate to classification and valuation of financial assets (note 3.2 and 5).

2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which have been classified as 'at fair value through profit or loss' and which are measured at fair value.

2.5 Functional and presentation currency

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

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Cash and cash equivalents

These comprise bank balances in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the income statement.

3.2.2 Classification and subsequent measurement

Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Financial assets 'at fair value through profit or loss'

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 (PKIRSV rates) which are based on the remaining tenure of the securities.

3.2.4 Impairment (other than debt securities)

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

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

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when these fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.2.5 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and is based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP in accordance with the provisioning policy approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required by the SECP's Circular.

3.2.6 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.2.7 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. Any gain or loss on derecognition of financial assets is taken to the income statement.

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net asset value per unit

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

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to the NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

3.8 Distributions to unit holders

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

Distributions declared subsequent to the period 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.

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

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net asset value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in income statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) 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 year in which these arise;
- Income from government securities is recognized on an accrual basis using effective interest method.
- Profit on balances with banks is recognised on an accrual basis.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee to the SECP are recognised in the income statement on an accrual basis.

3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

3.13 Taxation

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

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

3.14 Earnings per unit

Earnings per unit (EPU) is calculated by dividing the net income for the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

4	BANK BALANCES	Note	2024 (Rupees in '000)
	Balances with banks in savings accounts	4.1	19,194
			<u>19,194</u>

4.1 The savings accounts of the Fund carry profit at the rate ranging from 19.70% to 20.97% per annum.

5	INVESTMENTS	Note	2024 (Rupees in '000)
	Investments - 'at fair value through profit or loss'		
	GoP ijarah sukuks certificates	5.1	575,460
			<u>575,460</u>

5.1 GoP ijarah sukuks certificates

Name of the security	Profit payments	Maturity date	Coupon rate	As at July 1, 2023	Purchased during the period	Sold / matured during the period	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as a percentage of	
											total investments of the Fund	net assets of the Fund
							Number of certificates		(Rupees in '000)		%	
GoP Ijarah sukuk GIS - VRR - XXXII (Face value of Rs. 100,000 per certificate)	Semi-annually	June 26, 2024	Weighted average 6 months T-Bills	-	20,000	20,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXXI (Face value of Rs. 100,000 per certificate)	Semi-annually	May 22, 2024	Weighted average 6 months T-Bills	-	5,020	5,020	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXX (Face value of Rs. 100,000 per certificate)	Semi-annually	April 17, 2024	Weighted average 6 months T-Bills	-	6,600	6,600	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XLI (Face value of Rs. 100,000 per certificate)	Semi-annually	December 04, 2026	Weighted average 6 months T-Bills	-	700	-	700	70,008	69,874	(134)	12.14%	11.43%
GoP Ijarah sukuk GIS - VRR - XLII (Face value of Rs. 100,000 per certificate)	Semi-annually	December 04, 2028	Weighted average 6 months T-Bills	-	950	-	950	95,017	95,152	135	16.53%	15.57%
GoP Ijarah sukuk GIS - VRR - XXXVII (Face value of Rs. 100,000 per certificate)	Semi-annually	August 07, 2024	Weighted average 6 months T-Bills	-	1,000	-	1,000	100,050	100,060	10	17.39%	16.37%
GoP Ijarah sukuk GIS - VRR - XXIV (Face value of Rs. 100,000 per certificate)	Semi-annually	October 29, 2026	Weighted average 6 months T-Bills	-	59	-	59	5,900	5,961	61	1.03%	0.98%
GoP Ijarah sukuk GIS - VRR - XXVI (Face value of Rs. 100,000 per certificate)	Semi-annually	October 26, 2027	Weighted average 6 months T-Bills	-	30	-	30	3,000	3,017	17	0.52%	0.49%

Name of the security	Profit payments	Maturity date	Coupon rate	As at July 1, 2023	Purchased during the period	Sold / matured during the period	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as a percentage of	
				Number of certificates			(Rupees in '000)		%			
GoP Ijarah sukuk GIS - VRR - XXXIX (Face value of Rs. 100,000 per certificate)	Semi-annually	October 09, 2024	Weighted average 6 months T-Bills	-	70	-	70	7,000	7,020	20	1.22%	1.15%
GoP Ijarah sukuk GIS - VRR - XXI (Face value of Rs. 100,000 per certificate)	Semi-annually	July 29, 2025	Weighted average 6 months T-Bills	-	150	-	150	14,700	14,994	294	2.60%	2.45%
GoP Ijarah sukuk GIS - VRR - XL (Face value of Rs. 100,000 per certificate)	Semi-annually	December 04, 2024	Weighted average 6 months T-Bills	-	500	-	500	49,750	50,170	420	8.72%	8.21%
GoP Ijarah sukuk GIS - FRR - XXXIX (Face value of Rs. 100,000 per certificate)	Semi-annually	October 09, 2024	22.49%	-	680	-	680	68,510	68,449	(61)	11.89%	11.20%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	Semi-annually	March 14, 2025	21.39%	-	50	-	50	4,399	4,415	16	0.77%	0.72%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	Semi-annually	April 25, 2025	22.75%	-	1,800	-	1,800	155,332	156,348	1,016	27.16%	25.58%
Total as at June 30, 2024								573,666	575,460	1,794	99.97%	94.14%

5.2 Unrealised appreciation on re-measurement of investments classified as "at fair value through profit or loss" - net

Note **2024**
(Rupees in '000)

Market value of investments	5.1	575,460
Less: carrying value of investments	5.1	(573,666)
		<u>1,794</u>

6 PROFIT RECEIVABLE

Profit receivable on:

Bank balances	1,052
GoP ijarah sukuks certificates	17,311
	<u>18,363</u>

7 DEPOSITS AND PREPAYMENTS

Security deposit with Central Depository

Company of Pakistan Limited *	100
Prepaid rating fee	124
Prepaid settlement charges	31
	<u>254</u>

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

At the beginning of the period	-
Preliminary expenses and floatation costs incurred	610
Less: amortisation during the period	(53)
At the end of the period	<u>557</u>

- 8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are paid by NBP Fund Management Limited (a related party). These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

9 PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY	Note	2024 (Rupees in '000)
Remuneration payable to the Management Company	9.1	447
Sindh sales tax on remuneration payable to the Management Company	9.2	58
Sales and transfer load payable		82
Sindh sales tax payable on sales load		11
Other payable to the Management Company		651
		<u>1,249</u>

- 9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Accordingly, the Management Company the Management Company has charged its remuneration at the rate of 0.75% per annum of the average net assets of the Fund during the current period. The remuneration is payable to the Management Company monthly in arrears.
- 9.2 During the period, an amount of Rs. 0.240 million was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13%.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	2024 (Rupees in '000)
Trustee fee payable	10.1	33
Sindh sales tax payable on trustee fee	10.2	4
		<u>37</u>

- 10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.055% per annum of the average annual net assets of the Fund. Accordingly the Fund has charged trustee fee at the above mentioned rate during the period.
- 10.2 During the period, an amount of Rs. 0.018 million was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13%.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 (Rupees in '000)
Fee payable	11.1	<u>45</u>

- 11.1 Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the Fund.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	2024 (Rupees in '000)
Auditors' remuneration payable	228
Legal and professional charges payable	50
Shariah advisory fee payable	31
Withholding tax payable	259
Capital gain tax payable	617
Printing charges payable	5
Bank and settlement charges payable	14
	<u>1,204</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024.

14 NUMBER OF UNITS IN ISSUE	2024 Number of units
Total units in issue at the beginning of the period	-
Units issued during the period	113,990,753
Less: units redeemed during the period	<u>(53,026,376)</u>
Total units in issue at the end of the period	<u>60,964,377</u>

15 AUDITORS' REMUNERATION	2024 (Rupees in '000)
Annual audit fee	138
Half yearly review	71
Other certifications	-
Out of pocket expenses	19
	<u>228</u>

16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the period as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the period 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 period ended June 30, 2024 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these financial statements during the period.

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

17 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 1.17% which includes 0.18% representing government levies such as sales taxes and SECP fee. The TER excluding government levies is 0.99% which is within the prescribed limit for the ratio is 2.50% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan 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 key management personnel of the Management Company and other associated companies. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

18.2 Transactions with related parties / connected persons 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 related parties / connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

18.5 **Details of transactions with related parties / connected persons during the period are as follows:** **2024**
(Rupees in '000)

NBP Fund Management Limited - the Management Company

Remuneration of NBP Fund Management Limited - the Management Company	1,847
Sindh sales tax on remuneration of the Management Company	240
Sales load and Sindh sales tax on sales load	93

Central Depository Company of Pakistan Limited - the Trustee

Remuneration of the Central Depository Company of Pakistan Limited - the Trustee	135
Sindh sales tax on remuneration of the Trustee	18
Settlement charges	17

Employees of NBP Fund Management Limited

Units issued in: 775,024 units	8,255
Dividend re-invested: 11 units *	-
Units redeemed: 745,542 units	8,013

Portfolio managed by Management Company

Units issued in: 38,556,327 units	387,775
Dividend re-invested: 576,690 units	5,772
Units redeemed: 17,041,752 units	191,147
Purchase of sukuk certificates	32,078

18.6 **Amounts / balances outstanding as at period end are as follows**

NBP Fund Management Limited - the Management Company

Remuneration payable to the Management Company	447
Sindh sales tax on remuneration payable to the Management Company	58
Sales and transfer load payable	82
Sindh sales tax payable on sales load	11
Other payable to the Management Company	651

2024
(Rupees in '000)

Central Depository Company of Pakistan Limited - the Trustee

Remuneration payable to the Trustee	33
Sindh sales tax payable on the Trustee remuneration	4
Settlement charges payable	8
Security deposit with Central Depository Company of Pakistan Limited - the Trustee	100

Employees of NBP Fund Management Limited

Units held: 29,493 units	296
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Portfolio managed by Management Company **

Units held: 21,224,282 units	212,818
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19 FINANCIAL INSTRUMENTS BY CATEGORY

	2024		
	At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)			
Financial assets			
Bank balances	19,194	-	19,194
Investments	-	575,460	575,460
Profit receivable	18,363	-	18,363
Deposits	100	-	100
	<u>37,657</u>	<u>575,460</u>	<u>613,117</u>
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	1,249	-	1,249
Payable to Central Depository Company of Pakistan Limited - the Trustee	37	-	37
Accrued expenses and other liabilities	328	-	328
	<u>1,614</u>	<u>-</u>	<u>1,614</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

20.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2024, the Fund is exposed to such risk on its

balances held with banks and investments in GoP ijarah sukuks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances and GoP Ijarah sukuk certificates which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the period and net assets of the Fund would have been higher / lower by Rs. 3.65 million.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds GoP Ijarah sukuk certificates which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the period and net assets of the Fund would have been higher / lower by Rs. 2.29 million.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

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

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

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

Financial assets

Bank balances	19.70-20.97	19,194	-	-	-	19,194
Investments	19.99-22.75	-	160,763	414,697	-	575,460
Profit receivable		-	-	-	18,363	18,363
Deposits		-	-	-	100	100
		19,194	160,763	414,697	18,463	613,117

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	1,249	1,249
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	37	37
Accrued expenses and other liabilities		-	-	-	328	328
		-	-	-	1,614	1,614

On-balance sheet gap (a)

19,194 160,763 414,697 16,849

Off-balance sheet gap (b)

- - -

Total profit rate sensitivity gap (a +b)

19,194 160,763 414,697

Cumulative profit rate sensitivity gap

19,194 179,957 594,654

(ii) Currency risk

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

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not have any investment that is exposed to price risk as of June 30, 2024.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not hold any instruments that expose it to price risk as of June 30, 2024.

20.2 Liquidity risk

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

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short term to ensure settlement, the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current period.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the period ended June 30, 2024.

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, the liabilities that are payable on demand have been included in the maturity grouping of one month:

	2024						Total
	Within one 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 five years	Financial instruments with no fixed maturity	
	----- (Rupees in '000) -----						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	1,249	-	-	-	-	-	1,249
Payable to Central Depository Company of Pakistan Limited - the Trustee	37	-	-	-	-	-	37
Accrued expenses and other liabilities	100	228	-	-	-	-	328
	1,386	228	-	-	-	-	1,614

20.3 Credit risk

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

	2024	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- (Rupees in '000) -----	
Financial assets		
Bank balances	19,194	19,194
Investments	575,460	-
Profit receivable	18,363	1,052
Deposits	100	100
	<u>613,117</u>	<u>20,346</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. Investment in government securities and its accrued profit, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of banks are as follows:

	% of financial assets
	2024
Bank balances and accrued profit thereon	
AA	0.01%
AA-	6.11%
	<u>6.12%</u>

20.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Funds portfolio of financial assets is mainly held with credit worthy counterparties thereby mitigating any credit risk.

All financial assets of the Fund as at June 30, 2024 are unsecured and are not impaired.

21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not to be significantly different from the respective book values as the items are either short-term in nature or repriced periodically.

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.

21.1 Fair value hierarchy

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

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

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

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

As at June 30, 2024, the Fund held the following financial instruments measured at fair value:

-----As at June 30, 2024-----				
Level 1	Level 2	Level 3	Total	
------(Rupees in '000) -----				
At fair value through profit or loss				
GoP Ijarah sukuks certificates	160,763	414,697	-	575,460
	<u>160,763</u>	<u>414,697</u>	<u>-</u>	<u>575,460</u>

22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the current period.

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

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

23 UNIT HOLDING PATTERN OF THE FUND

Category	2024		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	24	116,264	19.02%
Others	2	36,853	6.03%
Retirement funds	30	458,176	74.95%
	<u>56</u>	<u>611,293</u>	<u>100.00%</u>

24 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024
	Percentage of commission paid
Paramount Capital (Pvt) Ltd	14.83%
Alfalah CLSA Securities Pvt Ltd	52.20%
AKD securities	32.97%
	<u>100.00%</u>

24.1 The Fund has traded with only the above mentioned three brokers / dealers during the period ended June 30, 2024.

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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 26.1)	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

25.1 The name of the Fund Manager is Salman Ahmed. Other funds being managed by the Fund Manager are as follows:

- NBP Financial Sector Income Fund
- NBP Government Securities Fund - I
- NBP Mustahkam Fund
- NBP Government Securities Savings Fund
- NBP Income Fund of Fund"
- NBP Mahana Amdani Fund
- NBP Savings Fund
- NBP Government Securities Liquid Fund
- NBP Money Market Fund
- NBP Islamic Mustahkam Fund"
- NBP Mustahkam Fund II
- NBP Riba Free Savings Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Savings Fund
- NBP Income Opportunity Fund
- NBP Islamic Daily Dividend Fund
- NBP Islamic Money Market Fund
- NBP Islamic Income Fund

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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 Director	Number of meetings			Meetings not attended
	Held	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	-	-

27 GENERAL

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

28 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 period from January 19, 2024 to June 30, 2024
Net assets (Rs. '000')	611,293
Net Income (Rs. '000')	48,510
Net Asset Value per units (Rs.)	10.0271
Offer price per unit	10.3670
Redemption price per unit	10.0271
Ex - Highest offer price per unit (Rs.)	10.3670
Ex - Lowest offer price per unit (Rs.)	9.1725
Ex - Highest redemption price per unit (Rs.)	10.0271
Ex - Lowest redemption price per unit (Rs.)	9.1725
Fiscal Year Opening Ex Nav	9.1725
Total return of the fund	20.86%
Capital growth	11.93%
Income distribution as a % of ex nav	8.93%
Income distribution as a % of par value	8.93%
Distribution dates	
07 Feb-2024	0.1178
27 Jun-2024	0.7752
Average annual return (launch date 19-01-2024)	
(Since inception to June 30, 2024)	20.86%
Portfolio Composition (Please see Fund Manager Report)	
Weighted average portfolio duration	131 Days

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

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