

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



Islamic Savings

اسلامک سیونگ

NBP Fund Management Limited



NBP ISLAMIC STOCK FUND

ANNUAL REPORT
2024

AM1
Rated by PACRA

MISSION STATEMENT

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

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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Faisal Ahmed*	Director
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

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

Al Baraka Islamic Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Summit Bank Limited
United Bank Limited



Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Saad Amanullah Khan
Director



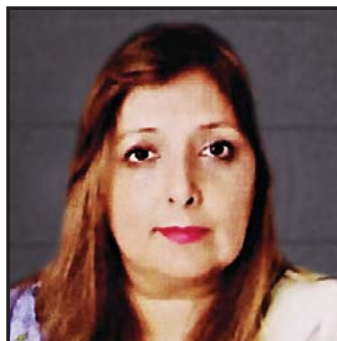
Mr. Faisal Ahmed*
Director



Mr. Ali Saigol
Director



Mr. Ruhail Muhammad
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

* Pending SECP approval

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Asim Wahab Khan, CFA
Chief Investment Officer



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Business
Development Officer



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



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Salman Ahmed, CFA
Head of Fixed Income



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



Mr. Muhammad Umer Khan
Head of Human Resources &
Administration



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Mr. Waheed Abidi
Head of Internal Audit



Mr. Hassan Raza, CFA
Head of Research



Mr. Mustafa Farooq
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Limited is pleased to present the Tenth Annual Report of **NBP Islamic Stock Fund** (NISF) for the year ended June 30, 2024.

Fund's Performance

FY24 was a stellar year for the stock market, as the benchmark KMI-30 index achieved new highs, settling slightly above 126,000 points at period end. During the year, the benchmark Index surged by around 56,000 points, translating into a phenomenal return of 79% in PKR terms and 84% in USD terms, making Pakistan the best performing stock market in the world.

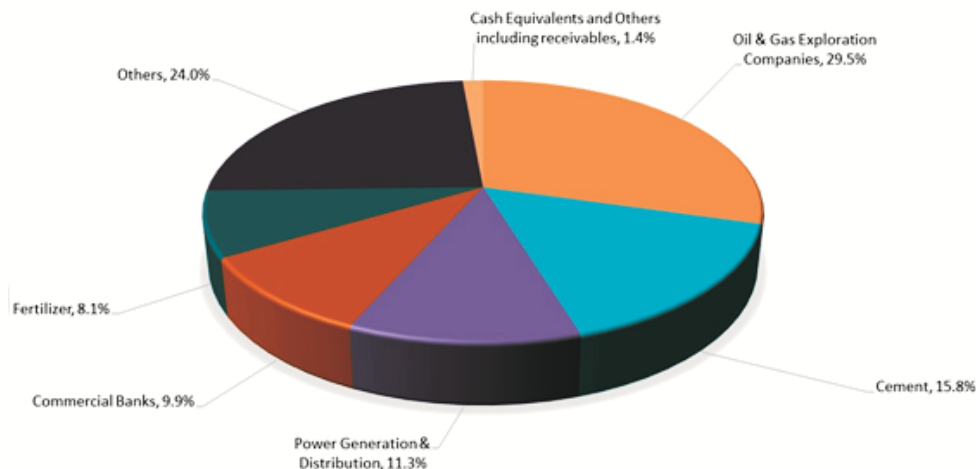
The equities started off on a firm footing and the strong momentum continued throughout the year. The signing of the Staff Level Agreement (SLA) with IMF on June 29th, 2023 was the turning point for stock market. The IMF executive board approved USD 3 billion Stand-By Agreement (SBA) that paved way for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

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

During the fiscal year, NBP Islamic Stock Fund increased by 73.9% as against the KMI-30 index increased by 78.7%, underperforming the benchmark by 4.8% during the year. The Fund was underweight in key stocks in Fertilizer, Power Generation & Distribution, and Refinery sectors that outperformed the market and was overweight in key stocks in Cement, Glass & Ceramics, Paper & Board, and Textile Composite, sectors that underperformed the market. Since the inception of the Fund, the return on NBP Islamic Stock Fund was 133.0% as against the Benchmark KMI-30 index return of 141.1%. Thus, the Fund underperformed by 8.1% during the period. This underperformance is net of management fee and all other expenses. The Fund size is 3,007 mn as of June 30, 2024.

NBP Islamic Stock Fund has earned a total income of Rs. 1,396.06 million during the year. After deducting total expenses of Rs. 110.43 million, the net income is Rs. 1,285.63 million. During the year, the unit price of NBP Islamic Stock Fund has increased from Rs. 7.9545 (Ex-Div) on June 30, 2023 to Rs. 13.8298 on June 30, 2024. The resultant per unit income is Rs. 5.8753 (73.9%).

The asset allocation of NBP Islamic Stock Fund as on June 30, 2024 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 40.608% of the opening ex-NAV (42.174% of the par value) during the year ended June 30, 2024.

Taxation

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

Auditors

The present auditors, Messrs Yousuf Adil Chartered Accountants, 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, 2019

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

9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 26 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2024, the Board included:

Category	Names
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 این پی اسلامک اسٹاک فنڈ کی دسویں سالانہ رپورٹ برائے مختتمہ سال 30 جون 2024 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

فنڈ کی کارکردگی

مالی سال 2024 اسٹاک مارکیٹ کے لیے شاندار سال رہا کیونکہ نیچ مارک KMI-30 انڈیکس نے نئی بلندیوں کو حاصل کیا اور مدت کے اختتام پر 126,000 پوائنٹس سے زائد پر بند ہوا۔ سال کے دوران نیچ مارک انڈیکس میں تقریباً 56,000 پوائنٹس کا اضافہ ہوا جس کے نتیجے میں پاکستانی روپیہ میں 79 فیصد اور امریکی ڈالر کے لحاظ سے 84 فیصد کا غیر معمولی منافع ہوا جس سے پاکستان دنیا میں بہترین کارکردگی کا مظاہرہ کرنے والی اسٹاک مارکیٹ بن گیا۔

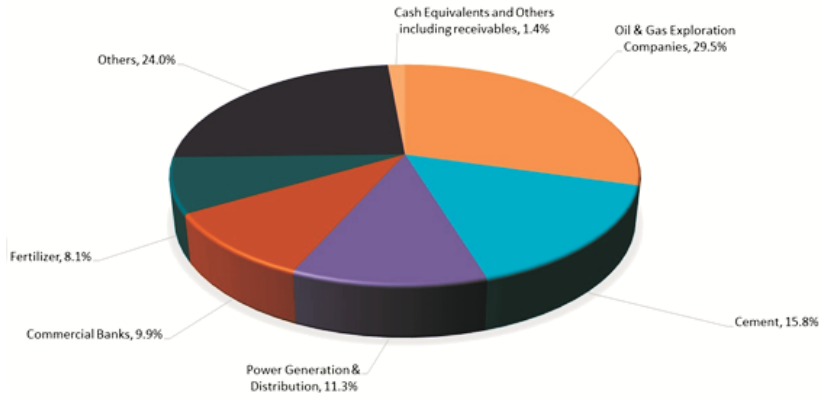
ایکویٹیز کا آغاز مضبوط بنیادوں پر ہوا اور پورا سال مستحکم رفتار جاری رہی۔ 29 جون 2023 کو آئی ایم ایف کے ساتھ اسٹاف لیول ایگریمنٹ (ایس ایل اے) پر دستخط اسٹاک مارکیٹ کے لیے ٹنگ پوائنٹ تھا۔ آئی ایم ایف کے ایکویٹی بورڈ نے 3 بلین امریکی ڈالر کے اسٹیٹڈ بائی ایگریمنٹ (ایس بی اے) کی منظوری دی جس سے دوست ممالک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

سیکٹورل کارکردگی کے لحاظ سے آٹو اسمبلرز، آٹو پارٹس اینڈ ایئر سیریز، کیبل اینڈ الیکٹریکل ایشیا، کمرشل بینکس، انجینئرنگ، فریٹلائزر، لیڈر اینڈ ٹیگز، فارماسیوٹیکل، پاور جنریشن اینڈ ڈسٹری بیوشن، ریفائنری اور ٹرانسپورٹ کے شعبوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا۔ دوسری جانب سیمنٹ، کیمیکلز، فوڈ اینڈ پروسسنگ، گلاس اینڈ سیرامکس، انشورنس، انویسٹمنٹ بینک/کمپنیاں، متنفرق، تیل و گیس ایکسپلوریشن، آئل اینڈ گیس مارکیٹنگ کمپنیاں، ہیپرو اینڈ بورڈ، شوگر اینڈ الائیڈ، ٹیکسٹائل اینڈ کیوٹیلیشن اور ٹیکسٹائل کمپوزٹ سیکٹرز نے مارکیٹ سے اتر کارکردگی کا مظاہرہ کیا۔ شرکاء کے لحاظ سے مارکیٹ کی سرگرمیوں پر، غیر ملکی، انشورنس اور کمپنیاں بالترتیب 141 ملین امریکی ڈالر، 126 ملین امریکی ڈالر اور 36 ملین امریکی ڈالر کی آمد کے ساتھ سب سے بڑے خالص خریدار رہے۔ اس کے برعکس بینکوں/DFIs اور افراد نے اپنی خالص ہولڈنگز کو بالترتیب 141 ملین امریکی ڈالر اور 60 ملین امریکی ڈالر تک کم کر دیا۔

مالی سال کے دوران، NBP اسلامک اسٹاک فنڈ میں KMI-30 انڈیکس کے 78.7% اضافہ کے مقابلے میں 73.9% اضافہ ہوا، سال کے دوران نیچ مارک 4.8% کی اتر کارکردگی دکھائی۔ کیونکہ فنڈ نے فریٹلائزر، پاور جنریشن اینڈ ڈسٹری بیوشن اور ریفائنری کے شعبوں میں اہم اسٹاک کو کم اہمیت دی جنہوں نے مارکیٹ میں بہتر کارکردگی کا مظاہرہ کیا اور جنہوں نے مارکیٹ سے بہتر کارکردگی کا مظاہرہ کیا اور سیمنٹ، گلاس اینڈ سیرامکس، ہیپرو اینڈ بورڈ اور ٹیکسٹائل کمپوزٹ کے اہم اسٹاک کو زیادہ اہمیت دی گئی جنہوں نے مارکیٹ میں اتر کارکردگی کا مظاہرہ کیا۔ فنڈ کے آغاز کے بعد سے NBP اسلامک اسٹاک فنڈ نے 141.1% کے نیچ مارک KMI-30 انڈیکس منافع کے مقابلے میں 133.0% تھا، لہذا فنڈ نے اسی مدت کے دوران 8.1% کی اتر کارکردگی دکھائی۔ یہ اتر کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ 30 جون 2024 کو فنڈ کا سائز 3,007 ملین روپے ہے۔

NBP اسلامک اسٹاک فنڈ کو اس مدت کے دوران 1,396.06 ملین روپے کی کل آمدنی ہوئی۔ 110.43 ملین روپے کے اخراجات متبہا کرنے کے بعد خالص آمدنی 1,285.63 ملین روپے ہے۔ سال کے دوران، NBP اسلامک اسٹاک فنڈ کے پونٹ کی قیمت 30 جون 2023 کو 7.9545 (Ex-Div) روپے سے بڑھ کر 30 جون 2024 کو 13.8298 روپے ہو گئی۔ جس کے نتیجے میں فی پونٹ آمدنی 5.8753 روپے (73.9%) ہے۔

30 جون 2024 کو NBP اسلامک اسٹاک فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

میجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2024 کے اختتام کے بعد اویپنگ ex-NAV کا 40.608% (بنیادی قدر کا 42.174%) 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 متبہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹر، میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بنا پر خود کو 30 جون 2025 کو ختم ہونے والے سال کے لئے دوبارہ تفری کے لیے پیش کرتے ہیں۔

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

- میجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلواور پونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شراہیاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- پرفارمنس ٹیمپل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- اس مدت کے دوران میجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں ظاہر کی گئی ہے۔
- پونٹ ہولڈنگ کا تفصیلی پیرین مالیاتی گوشواروں کے نوٹ 26 میں ظاہر کیا گیا ہے۔



- 12 ڈائریکٹرز ہی ای او، سی ایف او، کینی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 19 میں ظاہر کی گئی ہے۔
- 13 کینی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کینی ایک غیر فرسٹ شدہ کینی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2024 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں

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

اظہار تشکر

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

بورڈ اپنے اسٹاف اور 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 فنڈ 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 Stock Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, October 30, 2024

FUND MANAGER REPORT

NBP Islamic Stock Fund

NBP Islamic Stock Fund is a Shariah Compliant - Open-end - Equity Fund

Investment Objective of the Fund

The objective of NBP Islamic Stock Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in Shariah Compliant listed companies in Pakistan.

Benchmark

The Benchmark of the Fund is KMI-30 Index.

Fund performance review

This is the Tenth annual report of the Fund. During the fiscal year, NBP Islamic Stock Fund increased by 73.9% as against the KMI-30 index increased by 78.7%, underperforming the benchmark by 4.8% during the year. Since the inception (Jan 09, 2015) of the Fund, the return on NBP Islamic Stock Fund was 133.0% as against the Benchmark KMI-30 index return of 141.0%. Thus, the Fund underperformed by 8.1% during the period. This underperformance is net of management fee and all other expenses. The Fund size is 3,007 mln as of June 30, 2024.

NISF underperformed during the year because the Fund was underweight in key stocks in Fertilizer, Power Generation & Distribution, and Refinery sectors that outperformed the market and was overweight in key stocks in Cement, Glass & Ceramics, Paper & Board, and Textile Composite, sectors that underperformed the market.

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

NISF Performance vs. Benchmark during FY24



FY24 was a stellar year for the stock market, as the benchmark KMI-30 index achieved new highs, settling slightly above 126,000 points at period end. During the year, the benchmark Index surged by around 56,000 points, translating into a phenomenal return of 79% in PKR terms and 84% in USD terms, making Pakistan the best performing stock market in the world.

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

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

Asset Allocation of the Fund (% of NAV)

Particulars	30-Jun-24	30-Jun-23
Equities / Stocks	98.6%	98.7%
Cash Equivalents	3.8%	3.7%
Other Net Liabilities	(2.4%)	(2.4%)
Total	100.0%	100.0%

Distribution for the Financial Year 2024

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June - 24	42.17%	18.0164	13.7990

Unit Holding Pattern

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	168
1-1000	1,168
1001-5000	384
5001-10000	162
10001-50000	332
50001-100000	92
100001-500000	128
500001-1000000	17
1000001-5000000	16
5000001-10000000	5
10000001-100000000	4
Total	2,476

During the period under question

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

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Islamic Stock Fund (the Fund) has fully complied with the Shari'ah principles specified in the Trust Deed and in the guidelines issued by the Shari'ah Advisor for its operations, investments and placements made during the year ended June 30, 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 Tenth year of operations of NBP Islamic Stock Fund (the "NISF" or the "Fund") under management of NBP Fund Management Limited (the "NBP Funds" or the "Management Company").

In the capacity of Shariah Supervisory Board (the "SSB"), we have prescribed six criteria for Shariah-compliance of equity investments which relate to (i) Nature of business, (ii) Interest-bearing debt to total assets, (iii) Investment in Shariah non-compliant activities to total assets (iv) Shariah non-compliant income to gross revenue, (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. market price per share.

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's 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 equity investment, 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
- iii. Any earnings that have realized from sources or by means prohibited by Shariah have been credited to the charity account where applicable.

We hereby certify that during the year, Fund booked charity of amounting PKR 5,873,590 /- wherein amount available for disbursement is PKR 8,512,522 /-, which is inclusive of PKR 6,209,062 /- provisional amount of previous year adjusted after availability of the respective financial statements.

Based on the above facts, SSB is of the opinion that during the year, nothing has come to our attention which causes to believe that the 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 our 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 Stock Fund (the Fund) for assessing compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with the Shariah principles for the year 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 year 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 year 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 year 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 year 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 Stock Fund

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

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

Key audit matter

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

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investment (Refer note 2.4 of the Financial Statements)</p> <p>Investments held at fair value through profit or loss are disclosed in note 6 to the financial statements and represent 98.63% of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in Equity Securities which is the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<p>In this respect, we performed the following procedures:</p> <ul style="list-style-type: none"> Reviewed the processes and key controls relating to existence and valuation and evaluated the design and implementation of such controls; Independently verified the existence of investments from the Central Depository Company (CDC) account statement; Tested valuation of investments by independently tracing rate to externally quoted market prices from the Pakistan Stock Exchange (PSX); and Differences, if any, identified during our testing that were over our acceptable threshold were investigated further

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Yousuf Adil

Chartered Accountants

Place: Karachi

Date: October 30, 2024

UDIN: AR202410091fqVoeKkSP

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
ASSETS			
Bank balances	5	113,437	77,912
Investments	6	2,965,684	2,090,104
Profit receivable	7	2,006	1,184
Receivable from funds under management by Management Company against conversion of units		133	-
Receivable against sale of investments		1,522	26,620
Advances, deposits and prepayment	8	7,270	7,270
Total assets		3,090,052	2,203,090
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	9	26,238	22,381
Payable to Central Depository Company of Pakistan Limited - Trustee	10	366	321
Payable to Securities and Exchange Commission of Pakistan	11	230	804
Payable against conversion and redemption of units		41	27,330
Accrued expenses and other liabilities	12	56,411	33,826
Total liabilities		83,286	84,662
NET ASSETS		3,006,766	2,118,428
UNITHOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,006,766	2,118,428
CONTINGENCIES AND COMMITMENTS	13		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE	14	217,412,473	203,976,543
		----- Rupees -----	
NET ASSETS VALUE PER UNIT		13.8298	10.3856

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 ----- (Rupees in '000) -----	2023 -----
INCOME			
Dividend income		143,286	329,728
Profit on bank balances		24,653	17,401
Gain / (loss) on sale of investments at fair value through profit or loss (FVTPL) - net		397,822	(168,580)
Net unrealised appreciation / (diminution) on re-measurement of investments at FVTPL	6.2	830,302	(91,103)
		1,228,124	(259,683)
Total income		1,396,063	87,446
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	9.1	56,283	80,372
Sindh Sales Tax on remuneration of Management Company	9.2	7,317	10,448
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	3,397	5,019
Sindh Sales Tax on remuneration of Trustee	10.2	442	652
Reimbursement of selling and marketing expenses	9.3	27,638	62,288
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	4,737	8,037
Annual fee - Securities and Exchange Commission of Pakistan		2,277	804
Securities transaction cost		5,810	6,107
Settlement and bank charges		858	759
Auditors' remuneration	15	829	832
Fund rating fee		322	308
Annual listing fee		31	28
Professional charges		128	182
Shariah advisor fee		308	603
Printing charges		55	91
Total expenses		110,432	176,530
Net income / (loss) from operating activities		1,285,631	(89,084)
Net income / (loss) for the year before taxation		1,285,631	(89,084)
Taxation	16	-	-
Net income / (loss) for the year after taxation		1,285,631	(89,084)
Earnings / (loss) per unit	17		
Allocation of net income for the year			
Net income for the year		1,285,631	-
Income already paid on units redeemed		(471,264)	-
		814,367	-
Accounting income available for distribution:			
- Relating to capital gain		814,367	-
- Excluding capital gain		-	-
		814,367	-

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2024	2023
	----- (Rupees in '000) -----	-----
Net income / (loss) for the year after taxation	1,285,631	(89,084)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	1,285,631	(89,084)

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2024			2023		
	Capital Value	Accumulated losses	Total	Capital Value	Accumulated losses	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	3,816,139	(1,697,711)	2,118,428	6,796,671	(1,608,627)	5,188,044
Issuance of 323,911,727 units (2023: 238,706,125 units)						
- Capital value (at ex - net assets value per unit)	3,364,018	-	3,364,018	2,531,698	-	2,531,698
- Element of income	1,471,801	-	1,471,801	15,300	-	15,300
Total proceeds on issuance of units	4,835,819	-	4,835,819	2,546,998	-	2,546,998
Redemption of 310,475,797 units (2023: 523,895,187 units)						
- Capital value (at ex - net assets value per unit)	(3,224,477)	-	(3,224,477)	(5,556,380)	-	(5,556,380)
- Element of (loss) / income	(819,794)	(471,264)	(1,291,058)	28,850	-	28,850
Total payments on redemption of units	(4,044,271)	(471,264)	(4,515,535)	(5,527,530)	-	(5,527,530)
Distribution for the year ended June 30, 2024 (Cash distribution @ Rs. 4.2174 per unit declared on June 28, 2024)	(260,826)	(456,751)	(717,577)	-	-	-
Total comprehensive income / (loss) for the year	-	1,285,631	1,285,631	-	(89,084)	(89,084)
Net assets at end of the year	4,346,861	(1,340,095)	3,006,766	3,816,139	(1,697,711)	2,118,428
Accumulated losses brought forward						
- Realised loss		(1,606,608)			(395,098)	
- Unrealised loss		(91,103)			(1,213,529)	
		(1,697,711)			(1,608,627)	
Accounting income available for distribution						
- Relating to capital gains	814,367				-	
- Excluding capital gains						
	814,367					
Distribution during the year		(456,751)				
Total comprehensive loss for the year		-			(89,084)	
Accumulated losses carried forward		(1,340,095)			(1,697,711)	
Accumulated losses carried forward						
- Realised loss		(2,170,397)			(1,606,608)	
- Unrealised gain / (loss)		830,302			(91,103)	
		(1,340,095)			(1,697,711)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			10.3856			10.6059
Net assets value per unit at end of the year			13.8298			10.3856

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

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year before taxation	1,285,631	(89,084)
Adjustments for:		
Net unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at FVTPL	6.2 (830,302)	91,103
	<u>455,329</u>	<u>2,019</u>
(Increase) / decrease in assets		
Investments - net	(45,278)	2,903,162
Profit receivable	(822)	2,307
Receivable against sale of investments	25,098	-
Advances, deposits and prepayment	-	(14)
	<u>(21,002)</u>	<u>2,905,455</u>
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	3,857	(16,750)
Payable to Central Depository Company of Pakistan Limited - Trustee	45	(263)
Payable to Securities and Exchange Commission of Pakistan	(574)	(538)
Accrued expenses and other liabilities	22,585	3,580
	<u>25,913</u>	<u>(13,971)</u>
Net cash generated from operating activities	<u>460,240</u>	<u>2,893,503</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	4,574,860	2,548,150
Amount paid on redemption of units	(4,542,824)	(5,507,545)
Cash dividend paid	(456,751)	-
Net cash used in financing activities	<u>(424,715)</u>	<u>(2,959,395)</u>
Net increase / (decrease) in cash and cash equivalents during the year	<u>35,525</u>	<u>(65,892)</u>
Cash and cash equivalents at beginning of the year	77,912	143,804
Cash and cash equivalents at end of the year	5 <u>113,437</u>	<u>77,912</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Islamic Stock Fund (the Fund) was established under a Trust Deed entered into on November 18, 2014 between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 12, 2014 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 During the year ended June 30, 2021 the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on October 26, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of Mutual Fund Association of Pakistan (MUFAP).
- 1.4 The Fund has been categorised as an open ended "Shariah compliant equity scheme" by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited (PSX). The units of the Fund were initially offered for public subscription at Rs. 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis on January 09, 2015 and are transferable and redeemable by surrendering them to the Fund.
- 1.5 The objective of the Fund is to provide investors with long-term capital growth from an actively managed portfolio of shariah compliant listed equities securities. The investment objectives and policies are explained in the Fund's offering document.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed an asset manager rating of AM1 as at June 21, 2024 (2023: AM1 on June 22, 2023) to the Management Company and a performance ranking of "3 - Star" as at February 14, 2024 (2023: "3-Star" as at February 10, 2023) to the Fund.
- 1.7 The title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Use of judgments and estimates

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

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

- (a) Valuation of investment (4.2.5);
- (b) Provisions (Note 4.4); and
- (c) Classification and impairment of financial assets (Notes 4.2.2.1 and 4.2.3).

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

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

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

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies.
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules

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

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

Effective from accounting periods beginning on or after:

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

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

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

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

4.1 Cash and cash equivalents

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

4.2 Financial instruments

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

4.2.1 Initial recognition and measurement

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

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

4.2.2 Classification and subsequent measurement

4.2.2.1 Financial assets

There are three principal classification categories for financial assets:

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

Financial asset at amortised cost

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

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

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

Financial asset at FVTOCI

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

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

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

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

Financial asset at FVTPL

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

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

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

Business model assessment

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

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

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

The Fund has determined that it has two business models.

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

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

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

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

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

Reclassifications

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

4.2.2 Financial liabilities

The Fund classifies its financial liabilities in the following categories:

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

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

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

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in income statement.

- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to income statement

4.2.3 Impairment of financial assets

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

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

4.2.4 Derecognition

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

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

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

4.2.5 Fair value measurement principles and provision

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

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

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

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

The fair value of financial instruments is determined as follows:

Basis of valuation of equity investments

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

4.2.6 Regular way contracts

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

4.2.7 Offsetting of financial assets and liabilities

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

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

4.3 Derivatives

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

4.4 Provisions

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

4.5 Collaterals

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

4.6 Taxation

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

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

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

4.7 Distributions to unit holders

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

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

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

4.8 Issuance and redemption of units

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

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

4.9 Element of Income

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

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

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

4.10 Net assets value per unit

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

4.11 Revenue Recognition

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

4.12 Expenses

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

5	BANK BALANCES	Note	2024 ----- (Rupees in '000) -----	2023
	In current accounts		18,346	17,350
	In saving accounts	5.1	95,091	60,562
			113,437	77,912

5.1 These accounts carry profit at rates ranging from 18.00% to 21.75% (2023: 10.0% to 19.75%) per annum.

6	INVESTMENTS	Note	2024 ----- (Rupees in '000) -----	2023
	Financial asset at fair value through profit or loss			
	- Listed equity securities	6.1	2,965,684	2,090,104

6.1 Listed equity securities

All shares have a nominal face value of Rs.10 each except for the shares of Agriauto Industries Limited, Thal Limited, Al-Ghazi Tractors Limited and Shabbir Tiles and Ceramics Limited which have a face value of Rs. 5 each.

Name of the investee company	As at July 01, 2023	Purchases during the period	Bonus / Right Issue	Sales during the period	As at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of		Holding as a percentage of Paid up capital of the investee company*
							Net assets	Total Investments	
Number of shares held.....					(Rupees in '000) %		
OIL & GAS MARKETING COMPANIES	167	-	-	-	167	65	0.00	0.00	0.00
Attock Petroleum Limited	493,020	198,000	-	265,600	425,420	70,709	2.35	2.38	0.09
Pakistan State Oil Company Limited	-	36,500	-	-	36,500	2,317	0.08	0.08	0.01
Sui Northern Gas Pipelines Limited	1,583	-	-	-	1,583	10	0.00	0.00	0.00
Hascol Petroleum Limited	494,770	234,500	-	265,600	463,670	73,101	2.43	2.46	
OIL & GAS EXPLORATION COMPANIES									
Pakistan Oilfields Limited	114,363	-	-	114,363	-	-	-	-	-
Pakistan Petroleum Limited	3,906,683	1,737,769	-	2,885,200	2,759,252	323,136	10.75	10.90	0.10
Mari Petroleum Company Limited	141,049	20,092	-	69,079	92,062	249,704	8.30	8.42	0.07
Oil and Gas Development Company Limited	2,739,738	1,742,126	-	2,170,690	2,311,174	312,864	10.41	10.55	0.05
	6,901,833	3,499,987	-	5,239,332	5,162,488	885,704	29.46	29.87	
FERTILIZERS									
Engro Corporation Limited	674,446	260,100	-	498,299	436,247	145,144	4.83	4.89	0.08
Engro Fertilizers Limited	54,339	71,300	-	64,339	61,300	10,189	0.34	0.34	0.00
Fauji Fertilizer Bin Qasim Limited	460,000	589,500	-	573,500	476,000	16,884	0.56	0.57	0.04
Fatima Fertilizer Company Limited	-	1,370,130	-	-	1,370,130	70,726	2.35	2.38	0.07
	1,188,785	2,291,030	-	1,136,138	2,343,677	242,943	8.08	8.18	



Name of the investee company	As at July 01, 2023	Purchases during the period	Bonus / Right Issue	Sales during the period	As at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of		Holding as a percentage of Paid up capital of the investee company*
							Net assets	Total Investments	
.....Number of shares held.....						(Rupees in '000) %		
CEMENT									
Kohat Cement Limited	1,227,372	227,961	-	462,146	993,187	248,724	8.27	8.39	0.49
Lucky Cement Limited	167,713	137,739	-	131,436	174,016	157,786	5.25	5.32	0.06
Maple Leaf Cement Factory Limited	2	541,500	-	-	541,502	20,577	0.68	0.69	0.05
Fauji Cement Company Limited	1	-	-	-	1	-	-	-	0.00
Attock Cement (Pakistan) Limited	500,100	386,885	-	388,600	498,385	48,413	1.61	1.63	0.36
	1,895,188	1,294,085	-	982,182	2,207,091	475,500	15.81	16.03	
MISCELLANEOUS									
Ecopack Limited	2,898	-	-	2,896	2	-	-	-	0.00
Synthetic Products Enterprises Limited	126,453	-	-	109,816	16,637	265	0.01	0.01	0.02
	129,351	-	-	112,712	16,639	265	0.01	0.01	
AUTOMOBILE PARTS & ACCESSORIES									
Agriauto Industries Limited*	250	-	-	-	250	26	0.00	0.00	0.00
Thal Limited*	39,000	-	-	32,906	6,094	2,945	0.10	0.10	0.01
Panther Tyres Limited	212,499	32,000	-	124,000	120,499	4,561	0.15	0.15	0.07
	251,749	32,000	-	156,906	126,843	7,532	0.25	0.25	
AUTOMOBILES ASSEMBLER									
Millat Tractors Limited	5	-	-	-	5	3	0.00	0.00	0.00
Al-Ghazi Tractors Limited*	1,300	-	-	1,300	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	55,000	-	55,000	-	-	-	-	-
	1,305	55,000	-	56,300	5	3	0.00	0.00	
GLASS AND CERAMICS									
Tariq Glass Industries Limited	141,840	321,114	-	232,778	230,176	26,827	0.89	0.90	0.13
Ghani Glass Limited	-	219,000	-	-	219,000	5,707	0.19	0.19	0.02
Shabbir Tiles and Ceramics Limited*	3,240,500	420,000	-	1,683,000	1,977,500	28,674	0.95	0.97	0.83
	3,382,340	960,114	-	1,915,778	2,426,676	61,208	2.03	2.06	
ENGINEERING									
Mughal Iron and Steel Industries Limited	1,328,810	124,500	-	1,050,318	402,992	37,478	1.25	1.26	0.12
International Steels Limited	-	262,425	-	110,800	151,625	12,820	0.43	0.43	0.03
International Industries Limited	-	80,600	-	16,500	64,100	12,545	0.42	0.42	0.05
Aisha Steel Mills Limited	757,878	140,000	-	325,000	572,878	4,216	0.14	0.14	0.06
	2,086,688	607,525	-	1,502,618	1,191,595	67,059	2.24	2.25	
TEXTILE COMPOSITE									
Kohinoor Textile Mills Limited	1,749,433	875,926	-	1,676,704	948,655	78,700	2.62	2.66	0.32
Nishat Mills Limited	238,318	729,872	-	381,500	586,690	41,567	1.38	1.40	0.17
Interloop Limited	3	-	-	-	3	-	-	-	0.00
	1,987,754	1,605,798	-	2,058,204	1,535,348	120,267	4.00	4.06	
PAPER AND BOARD									
Cherat Packaging Limited	2	-	-	-	2	-	-	-	0.00
Roshan Packages Limited	978,500	-	-	721,000	257,500	3,631	0.12	0.12	0.18
Century Paper & Board Mills Limited	-	430,500	-	-	430,500	12,893	0.43	0.43	0.11
	978,502	430,500	-	721,000	688,002	16,524	0.55	0.55	

NBP ISLAMIC STOCK FUND



NBP FUNDS
Managing Your Savings

NBP Fund Management Limited

Name of the investee company	As at July 01, 2023	Purchases during the period	Bonus / Right Issue	Sales during the period	As at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of		Holding as a percentage of Paid up capital of the investee company*
							Net assets	Total Investments	
Number of shares held.....					(Rupees in '000) %		
PHARMACEUTICALS									
Abbott Laboratories (Pakistan) Limited	6,150	-	-	6,100	50	37	0.00	0.00	0.00
The Searle Company Limited	274,021	123,177	59,125	285,650	170,673	9,748	0.32	0.33	0.04
Haleon Pakistan Limited	13,300	84,100	-	13,200	84,200	25,039	0.83	0.84	0.07
Highnoon Laboratories Limited	-	24,300	-	7,500	16,800	11,988	0.40	0.40	0.03
AGP Limited	84,121	110,816	-	30,000	164,937	15,235	0.51	0.51	0.06
IBL HealthCare Limited	38,536	363,000	7,007	3,500	405,043	12,520	0.42	0.42	0.57
Ferozsons Laboratories Limited	-	6,300	-	-	6,300	1,571	0.05	0.05	0.01
Citi Pharma Ltd.	184,848	-	-	94,500	90,348	2,575	0.09	0.09	0.04
	600,976	711,693	66,132	440,450	938,351	78,713	2.62	2.63	
TECHNOLOGY AND COMMUNICATION									
Avanceon Limited	19,611	-	1,961	-	21,572	1,165	0.04	0.04	0.01
Systems Limited	451,890	121,328	-	171,300	401,918	168,122	5.59	5.68	0.14
	471,501	121,328,961	171,300	423,490	169,287	5.63	5.72		
POWER GENERATION AND DISTRIBUTION									
Hub Power Company Limited	2,027,369	927,700	-	870,814	2,084,255	339,900	11.30	11.47	0.16
COMMERCIAL BANKS									
Faysal Bank Limited	-	1,025,553	-	343,000	682,553	35,793	1.19	1.22	0.04
Meezan Bank Limited	1,698,749	591,306	-	1,189,943	1,100,112	263,356	8.76	8.89	0.06
	1,698,749	1,616,859	-	1,532,943	1,782,665	299,149	9.95	10.11	
FOOD AND PERSONAL CARE PRODUCTS									
Al-Shaheer Corporation Limited	18,378	-	-	-	18,378	148	0.00	0.00	0.00
At-Tahir Limited	231,196	742,000	-	106,000	867,196	12,149	0.40	0.41	0.40
Shezan International Limited	95,560	-	-	68,500	27,060	2,528	0.08	0.09	0.28
Unity Foods Limited	-	467,000	-	-	467,000	14,080	0.47	0.47	0.04
Bunny's Limited	127,500	184,500	-	-	312,000	4,162	0.14	0.14	0.47
	472,634	1,393,500	-	174,500	1,691,634	33,067	1.09	1.11	
CHEMICAL									
Lucky Core Industries Limited	9,022	-	-	9,022	-	-	-	-	
TRANSPORT									
Pakistan National Shipping Corporation Limited	396,100	147,270	-	316,200	227,170	68,835	2.29	2.33	0.17
Pakistan International Bulk Terminal Limited	662,500	356,500	-	409,500	609,500	3,761	0.13	0.13	0.03
	1,058,600	503,770	-	725,700	836,670	72,596	2.42	2.46	
CABLE & ELECTRICAL GOODS									
Emco Industries Limited	-	12,000	-	-	12,000	414	0.01	0.01	0.03
Pak Elektron Limited	320,460	1,084,701	-	636,000	769,161	19,006	0.63	0.64	0.09
	320,460	1,096,701	-	636,000	781,161	19,420	0.64	0.65	
REFINERY									
Attock Refinery Limited	-	13,200	-	3,400	9,800	3,446	0.11	0.12	0.01
Total as at June 30, 2024					24,710,060	2,965,684	98.63	100.00	
Carrying value as at June 30, 2024						2,135,382			
Market value as at June 30, 2023						2,090,104			
Carrying value as at June 30, 2023						2,181,207			

- 6.1.1** Investments include shares with a market value of Rs. 452.452 million (June 30, 2023: Rs.323.491 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing the settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007, issued by the Securities and Exchange Commission of Pakistan.
- 6.1.2** The Finance Act, 2014 brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholders were to be treated as income and tax at the rate of 5 percent was to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax was to be collected at source by the company declaring bonus shares which was considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, led a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B (Part IV) and 99 (Part II) of Second Schedule of Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted a stay order till the final outcome of the case.

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

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

Moreover, the total market value of shares that are withheld amounting to Rs. 4.171 million (June 30, 2023: 2.848 million) which are not deposited in the CDC account of the Fund.

	2024	2023
6.2	-----	-----
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	Note	(Rupees in '000)
Market value of securities	6.1	2,965,684
Less: carrying value of investments		(2,135,382)
		<u>830,302</u>
		<u>(91,103)</u>
7		
PROFIT RECEIVABLE		
Profit receivable on saving accounts		<u>2,006</u>
		<u>1,184</u>

8	ADVANCES, DEPOSITS AND PREPAYMENT	Note	2024 ----- (Rupees in '000) -----	2023
	Advance tax	8.1	4,476	4,476
	Security deposits with:			
	- National Clearing Company of Pakistan Limited		2,530	2,530
	- Central Depository Company of Pakistan Limited		103	103
	Prepaid Mutual Fund Rating fee		161	161
			<u>7,270</u>	<u>7,270</u>

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposit paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008- VOL.II-66417-R dated May 12, 2015, which requires every withholding agent to withhold income tax at the applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholdor. The tax withheld on dividends and profit on bank deposits as at June 30, 2024 amounts to Rs. 4.476 million (June 30, 2023: Rs. 4.476 million).

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

9	PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024 ----- (Rupees in '000) -----	2023
	Management remuneration	9.1	6,056	4,034
	Sindh Sales Tax on management remuneration	9.2	787	524
	Reimbursement of selling and marketing expenses	9.3	13,118	10,908
	Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	9.4	1,361	1,407
	Sales load and transfer load including Sindh Sales Tax		4,779	5,425
	Other payable		20	20
	ADC payable including Sindh Sales Tax		117	63
			<u>26,238</u>	<u>22,381</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. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration as follows:

2024:

- From July 01, 2023 to November 09, 2023, at the rate of 2.0% of the daily net assets of the Fund.
- From November 10, 2023 to June 30, 2024, at the rate of 2.5% of the daily net assets of the Fund.

2023:

- From July 01, 2022 to June 30, 2023, at the rate of 2.0% of the average annual net assets of the Fund.

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

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

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

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

Period	Rate per annum
2024:	
July 01, 2023 to November 09, 2023	1.55% of net assets or actual expenses, whichever is lower.
November 10, 2023 to June 30, 2024	0.98% of net assets or actual expenses, whichever is lower.
2023:	
July 01, 2022 to June 30, 2023	1.55% of net assets or actual expenses, whichever is lower.

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

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

- 2024:**
- **From July 01, 2023, to June 23, 2024, at the rate of 0.20% of the daily net assets of the Fund.**
 - **From June 24, 2024, to June 30, 2024, at the rate of 0.10% of the daily net assets of the Fund.**
- 2023:**
- From July 01, 2022, to June 30, 2023, at the rate of 0.20% of the daily net assets of the Fund.

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

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024	2023
			----- (Rupees in '000) -----	
	Trustee remuneration	10.1	324	284
	Sindh Sales Tax on Trustee remuneration	10.2	42	37
			366	321

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

Net assets	2024	2023
	Fee	
- Upto Rs. 1,000 million	0.20% per annum of net assets,	0.20% per annum of net assets
- On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets	Rs. 2.0 million plus 0.10% per annum of net assets

The remuneration is paid to the Trustee monthly in arrears.

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

11	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024	2023
			----- (Rupees in '000) -----	
	Fee payable	11.1	230	804

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

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024	2023
			----- (Rupees in '000) -----	
	Brokerage fee payable		232	984
	Federal excise duty payable on remuneration of the management company	12.1	8,209	8,209
	Federal excise duty payable on sales load		2,327	2,327
	Auditors' remuneration payable		575	588
	Settlement charges payable		207	139
	Withholding tax payable		27,148	61
	Printing charges payable		55	42
	Capital gain tax payable		3,384	119
	Bank charges payable		162	100
	Professional charges payable		127	181
	Charity payable		13,054	20,453
	Shariah Advisor fee payable		931	623
			56,411	33,826

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

The Honorable Sindh High Court (SHC) through its recent order dated June 02, 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has interalia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from July 01, 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sindh High Court in its decision dated July 16, 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

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

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained provision for FED on management fee aggregating to Rs. 8.209 million (June 30, 2023: Rs. 8.209 million). Had the provision not been made, the NAV per unit of the Fund would have been higher by Re. 0.0378 (June 30, 2023: Re. 0.0402) per unit.

13 CONTINGENCIES AND COMMITMENTS

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

14 NUMBER OF UNITS IN ISSUE

	2024	2023
	----- (Number of units) -----	
Total units in issue at beginning of the year	203,976,543	489,165,605
Add: Units issued during the year	323,911,727	238,706,125
Less: Units redeemed	(310,475,797)	(523,895,187)
Total units in issue at end of the year	<u>217,412,473</u>	<u>203,976,543</u>

15 AUDITORS' REMUNERATION

	2024	2023
	----- (Rupees in '000) -----	
Annual audit fee	478	416
Half yearly review fee	229	199
Out of pocket expenses and others including government levy	122	217
	<u>829</u>	<u>832</u>

16 TAXATION

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

17 EARNINGS / (LOSS) PER UNIT

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

18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024, is 4.61% (2023: 4.40%) which includes 0.42% (2023: 0.29%) representing government levies on the Fund such as sales taxes, annual fees to SECP, etc. The TER excluding government levies is 4.19% (2023: 4.11%) which is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an shariah compliant equity scheme.

19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

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

19.6 **Details of transactions with connected persons are as follows:**

	2024	2023
	----- (Rupees in '000) -----	

NBP Fund Management Limited - Management Company

Remuneration of NBP Fund Management Limited - Management Company	56,283	80,372
Sindh Sales Tax on remuneration of Management Company	7,317	10,448
Reimbursement of selling and marketing expenses	27,638	62,288
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	4,737	8,037
Sales load and transfer load including Sindh Sales Tax	5,047	1,080
ADC payable including Sindh Sales Tax	280	30

Central Depository Company of Pakistan Limited - Trustee

Trustee remuneration	3,397	5,019
Sindh Sales Tax on Trustee remuneration	442	652
Settlement charges	210	198

	2024	2023
	----- (Rupees in '000) -----	
Employees of the Management Company		
Units issued / transferred in during the year: 33,232,219 units (2023: 38,431,253 units)	468,809	408,048
Units redeemed / transferred out during the year: 30,564,157 units (2023: 41,951,702 units)	439,643	447,144
Dividend re-invest: 364,827 units (2023: Nil units)	5,047	-
International Steel Limited - common directorship		
Shares purchased: 262,425 shares (2023: Nil shares)	18,941	-
Shares sold: 110,800 shares (2023: 214,600 shares)	8,208	12,522
Dividend Income	567	245
NBP Fund Management Limited - Employees' Provident Fund		
Units issued / transferred in: 881,909 units (2023: 1,425,882 units)	12,481	15,261
Units redeemed / transferred out: 284,582 units (2023: 1,545,138 units)	5,087	16,348
Dividend re-invest: 24,857 units (2023: Nil units)	344	-
Portfolio managed by Management Company		
Units issued / transferred in: 14,284,593 units (2023: 582,079 units)	183,895	6,100
Units redeemed / transferred out: 6,100,223 units (2023: 4,162,865 units)	85,991	44,484
Dividend re-invest: 575,476 units (2023: Nil units)	7,960	-
Taurus Securities Limited - Subsidiary of parent company		
Brokerage charges	399	397
Rohma Amjad*		
Units redeemed / transferred out: Nil units (2023: 1,569 units)	-	16
CDC trustee Punjab general provident fund (10% or more holding)		
Units issued / transferred in: 12,603,771 units (2023: 11,914,809 units)	-	120,000
Units redeemed / transferred out: 12,603,771 units (2023: Nil units)	150,000	-
Dividend re-invest: 7,775,217 units (2023: Nil units)	107,551	-
CDC trustee Punjab pension fund (10% or more holding)		
Units issued / transferred in: Nil units (2023: 24,822,519 units)	-	250,000
Units redeemed / transferred out: 21,738,374 units (2023: Nil units)	250,000	-
Dividend re-invest: 5,374,922 units (2023: Nil units)	74,349	-
19.7 Amounts / balances outstanding as at year end		
NBP Fund Management Limited - Management Company		
Management remuneration	6,056	4,034
Sindh Sales Tax on management remuneration	787	524
Reimbursement of selling and marketing expenses payable	13,118	10,908
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	1,361	1,407
Sales load and transfer load including Sindh Sales Tax	4,779	5,425
Other payable	20	20
ADC payable including Sindh Sales Tax	117	63

	2024	2023
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	324	284
Sindh Sales Tax on Trustee remuneration	42	37
Security deposit	103	103
Employees of the Management Company		
Units held: 4,601,235 units (2023: 1,567,443 units)	63,634	16,279
Taurus Securities Limited		
Brokerage Payable	-	51
International Steel Limited - common directorship		
Shares held: 151,625 shares (2023: Nil shares)	12,820	-
CDC Trustee - Punjab Pension Fund Trust (10% or more holding)		
Units held: 23,004,064 units (2023: 39,367,517 units)	318,142	408,855
CDC Trustee Punjab General Provident Fund (10% or more holding)		
Units held: 33,277,063 units (2023: 38,105,616 Units)	460,215	395,750
Portfolio managed by Management Company		
Units held: 10,210,350 units (2023: 1,450,503 units)	141,207	15,064
National Bank of Pakistan - Parent company		
Bank balance	472	651
Profit receivable	1	19
Pioneer Cement Limited*		
Units held: Nil units (2023: 23,222,138 Units)	-	241,176

		As at June 30, 2024		
		At amortised cost	At fair value through profit or loss	Total
		----- (Rupees in '000) -----		
20	FINANCIAL INSTRUMENTS BY CATEGORY			
	Financial Assets			
	Bank balances	113,437	-	113,437
	Investments	-	2,965,684	2,965,684
	Profit receivable	2,006	-	2,006
	Receivable from funds under management by Management Company against conversion of units	133	-	133
	Receivable against sale of investments	1,522	-	1,522
	Deposits	2,633	-	2,633
		119,731	2,965,684	3,085,415

	As at June 30, 2024		
	At amortised cost	At fair value through profit or loss (Rupees in '000)	Total
Financial Liabilities			
Payable to NBP Fund Management Limited - Management Company	26,238	-	26,238
Payable to Central Depository Company of Pakistan Limited - Trustee	366	-	366
Payable against conversion and redemption of units	41	-	41
Accrued expenses and other liabilities	15,343	-	15,343
	41,988	-	41,988
Net assets attributable to unitholders	3,006,766	-	3,006,766
	As at June 30, 2023		
	At amortised cost	At fair value through profit or loss (Rupees in '000)	Total
Financial Assets			
Bank balances	77,912	-	77,912
Investments	-	2,090,104	2,090,104
Profit receivable	1,184	-	1,184
Receivable against sale of investments	26,620	-	26,620
Deposits	2,633	-	2,633
	108,349	2,090,104	2,198,453
Financial Liabilities			
Payable to NBP Fund Management Limited - Management Company	22,381	-	22,381
Payable to Central Depository Company of Pakistan Limited - Trustee	321	-	321
Payable against conversion and redemption of units	27,330	-	27,330
Accrued expenses and other liabilities	23,110	-	23,110
	73,142	-	73,142
Net assets attributable to unitholders	2,118,428	-	2,118,428

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

21.1 Market risk

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

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

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

(i) Yield / interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 0.951 million (2023: Rs 0.606 million).

b) Sensitivity analysis for fixed rate instruments

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

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

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

As at June 30, 2024					
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		

(Rupees in '000)

On-balance sheet financial instruments

Financial Assets

Bank balances	18.00 - 21.75	95,091	-	-	18,346	113,437
Investments		-	-	-	2,965,684	2,965,684
Profit receivable		-	-	-	2,006	2,006
Receivable from funds under management by Management Company against conversion of units		-	-	-	133	133
Receivable against sale of investments		-	-	-	1,522	1,522
Deposits		-	-	-	2,633	2,633
		95,091	-	-	2,990,324	3,085,415

Financial Liabilities

Payable to NBP Fund Management Limited - Management Company	-	-	-	-	26,238	26,238
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	366	366
Payable against conversion and redemption of units	-	-	-	-	41	41
Accrued expenses and other liabilities	-	-	-	-	15,343	15,343
Net assets attributable to unitholders	-	-	-	-	3,006,766	3,006,766
	-	-	-	-	3,048,754	3,048,754

On-balance sheet gap	95,091	-	-	-	(58,430)	36,661
Off-balance sheet financial instruments	-	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-	-
Total interest rate sensitivity gap	95,091	-	-	-	-	-
Cumulative interest rate sensitivity gap	95,091	95,091	95,091	-	-	-

As at June 30, 2023					
Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		

(Rupees in '000)

On-balance sheet financial instruments

Financial Assets

Bank balances	10.00 - 19.75	60,562	-	-	17,350	77,912
Investments		-	-	-	2,090,104	2,090,104
Dividend and profit receivable		-	-	-	1,184	1,184
Receivable against sale of investments		-	-	-	26,620	26,620
Deposits		-	-	-	2,633	2,633
		60,562	-	-	2,137,891	2,198,453

Financial Liabilities

Payable to NBP Fund Management Limited - Management Company	-	-	-	-	22,381	22,381
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	321	321
Payable against conversion and redemption of units	-	-	-	-	27,330	27,330
Accrued expenses and other liabilities	-	-	-	-	23,110	23,110
Net assets attributable to unitholders	-	-	-	-	2,118,428	2,118,428
	-	-	-	-	2,191,570	2,191,570

On-balance sheet gap	60,562	-	-	-	(53,679)	6,883
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Off-balance sheet financial instruments	-	-	-	-	-	-
--	---	---	---	---	---	---

Off-balance sheet gap	-	-	-	-	-	-
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Total interest rate sensitivity gap	60,562	-	-	-	-	-
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Cumulative interest rate sensitivity gap	60,562	60,562	60,562	-	-	-
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(ii) Currency risk

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

(iii) Price risk

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

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

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

In case of 5% increase / (decrease) in KMI 30 index on June 30, 2024, with all other variables held constant, net assets for the year would increase / (decrease) by Rs. 148.284 million (2023: Rs. 104.505 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

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

21.2 Credit risk

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

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

Balances with banks	2024	2023
	------(Rupees in '000)-----	
AAA	93,741	38,823
AA+	-	676
AA-	15,939	36,265
AA	3,095	1,525
A+	58	56
A-	572	535
Suspended / No Rating	32	32
	113,437	77,912

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

Concentration of the credit risk

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

21.3 Liquidity risk

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

Management of liquidity risk

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

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

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

Maturity analysis for financial liabilities

The table below summaries the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

	June 30, 2024			
	Total	Upto three months	Over three months and upto one year	Over one year
Financial liabilities	----- (Rupees in '000) -----			
Payable to NBP Fund Management Limited				
- Management Company	26,238	26,238	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	366	366	-	-
Payable against conversion and redemption of units	41	41	-	-
Accrued expenses and other liabilities	15,343	15,343	-	-
	41,988	41,988	-	-
Net assets attributable to unitholders	3,006,766	3,006,766	-	-

	June 30, 2023			
	Total	Upto three months	Over three months and upto one year	Over one year
	(Rupees in '000)			
Financial liabilities				
Payable to NBP Fund Management Limited				
- Management Company	22,381	22,381	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	321	321	-	-
Payable against conversion and redemption of units	27,330	27,330	-	-
Accrued expenses and other liabilities	23,110	23,110	-	-
	<u>49,222</u>	<u>49,222</u>	<u>-</u>	<u>-</u>
Net assets attributable to unitholders	<u>2,118,428</u>	<u>2,118,428</u>	<u>-</u>	<u>-</u>

22 UNITHOLDERS' FUND RISK MANAGEMENT

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

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

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

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

In accordance with the risk management policies stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

		June 30, 2024						
		Carrying value			Fair value			
	Note	At fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments		(Rupees in '000)						
Financial assets measured at fair value								
Investment - Listed equity securities		2,965,684	-	2,965,684	2,965,684	-	-	2,965,684
Financial assets not measured at fair value								
Bank balances	23.1	-	113,437	113,437				
Profit receivable		-	2,006	2,006				
Receivable from funds under management by Management Company against conversion of units		-	133	133				
Receivable against sale of investments		-	1,522	1,522				
Deposits		-	2,633	2,633				
		-	119,731	119,731				
Financial liabilities not measured at fair value								
Payable to NBP Fund Management Limited - Management Company	23.1	-	26,238	26,238				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	366	366				
Payable against conversion and redemption of units		-	41	41				
Accrued expenses and other liabilities		-	15,343	15,343				
Net assets attributable to unitholders	23.2	-	3,006,766	3,006,766				
		-	3,048,754	3,048,754				
		June 30, 2023						
		Carrying value			Fair value			
	Note	At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments		(Rupees in '000)						
At fair value through profit or loss								
Investment - Listed equity securities		2,090,104	-	2,090,104	2,090,104	-	-	2,090,104
Financial assets not measured at fair value								
Bank balances	23.1	-	77,912	77,912				
Dividend and profit receivable		-	1,184	1,184				
Receivable against sale of investments		-	26,620	26,620				
Deposits		-	2,633	2,633				
		-	108,349	108,349				

June 30, 2023

	Note	Carrying value			Fair value			
		At fair value through profit and loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
Financial liabilities not measured at fair value	23.1							
Payable to NBP Fund Management Limited - Management Company		-	22,381	22,381				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	321	321				
Payable against conversion and redemption of units		-	27,330	27,330				
Accrued expenses and other liabilities		-	23,110	23,110				
Net assets attributable to unitholders	23.2	-	2,118,428	2,118,428				
		-	2,191,570	2,191,570				

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

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

List of brokers / dealers by percentage of commission paid / payable during the year ended June 30, 2024.

S. No	Particulars	Percentage (%)
1	Sherman Securities (Pvt) Limited	10.05
2	Taurus Securities Ltd.	7.76
3	J.S. Global Capital Ltd.	6.06
4	Arif Habib Securities Limited	5.73
5	Insight Securities (Pvt.) Limited	5.57
6	BMA Capital Management Limited	5.12
7	Optimus Capital Management Limited	4.67
8	Foundation Securities	4.11
9	Topline Securities Limited	3.68
10	EFG Hermes Pakistan Ltd	3.49

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

S. No	Particulars	Percentage (%)
1	Taurus Securities Ltd.	7.34
2	Alfalah Securities (Pvt) Limited	6.05
3	BMA Capital Management Limited	5.75
4	Ktrade Securities Limited (Formerly Khadim Ali Shah Bukhari Securities (Pvt.) Limited)	5.66
5	EFG Hermes Pakistan Ltd	5.48
6	Topline Securities Limited	5.12
7	D.J.M Securities (Pvt) Limited	4.80
8	Multi Line Securities	4.55
9	Sherman Securities (Pvt) Limited	4.44
10	Arif Habib Securities Limited	4.37

25 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

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

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

26 PATTERN OF UNIT HOLDING

Category

Individuals	2,424	961,389	31.97
Insurance Companies	1	73,904	2.46
Retirement Funds	25	1,626,329	54.09
Banks and DFI	1	5,217	0.17
Associated Company & Directors	1	8,605	0.29
Others	24	331,322	11.02
	2,476	3,006,766	100.00

As at June 30, 2024

	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	2,424	961,389	31.97
Insurance Companies	1	73,904	2.46
Retirement Funds	25	1,626,329	54.09
Banks and DFI	1	5,217	0.17
Associated Company & Directors	1	8,605	0.29
Others	24	331,322	11.02
	2,476	3,006,766	100.00

Category

Individuals	2,640	639,692	30.20
Insurance Companies	3	85,965	4.06
Retirement Funds	27	980,305	46.28
Public Limited Companies	1	241,176	11.38
Others	26	171,290	8.08
	2,697	2,118,428	100.00

As at June 30, 2023

	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	2,640	639,692	30.20
Insurance Companies	3	85,965	4.06
Retirement Funds	27	980,305	46.28
Public Limited Companies	1	241,176	11.38
Others	26	171,290	8.08
	2,697	2,118,428	100.00

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of 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	-	-

28 GENERAL

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

29 CORRESPONDING FIGURES

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

30 DATE OF AUTHORISATION FOR ISSUE

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

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

Chief Financial Officer

Chief Executive Officer

Director



PERFORMANCE TABLE

Particulars	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Net assets at the year ended (Rs '000)	3,006,766	2,118,428	5,188,044	8,203,222	4,814,871	4,120,790
Net (loss) / income for the year ended (Rs '000)	1,285,631	(89,084)	(1,101,775)	1,791,287	(104,639)	(1,227,620)
Net Asset Value per unit at the year (Rs)	13.8298	10.3856	10.6059	12.7350	9.4633	9.1077
Offer Price per unit	14.2986	10.7377	10.9654	13.1667	9.7841	9.4171
Redemption Price per unit	13.8298	10.3856	10.6059	12.7350	9.4633	9.1077
Ex - Highest offer price per unit (Rs.)	14.3664	11.6880	16.8831	13.6534	11.9900	12.2350
Ex - Lowest offer price per unit (Rs.)	8.2227	9.8890	10.7550	9.8921	7.3512	9.2067
Ex - Highest redemption price per unit (Rs.)	13.8954	11.3048	13.3802	13.2057	11.5969	11.8338
Ex - Lowest redemption price per unit (Rs.)	7.9531	9.5648	10.4024	9.5678	7.1102	8.9048
Opening Nav of Fiscal Year	7.9545	10.6059	12.7350	9.3471	9.1077	11.3973
Total return of the fund	73.86%	-2.08%	-16.72%	36.25%	3.90%	-20.09%
Capital growth	43.30%	-2.08%	-16.72%	35.00%	3.90%	-20.09%
Income distribution as a % of ex nav	30.56%			1.24%		
Income distribution as a % of par value	42.17%			1.62%		
Distribution						
Interim distribution per unit	4.2174	-	-	0.1619		
Final distribution per unit		-	-			
Distribution Dates						
Interim	28-Jun-24			25-Jun-21		
Final						
Average annual return of the fund (launch date January 09, 2015)						
(Since inception to June 30, 2024)	9.33%					
(Since inception to June 30, 2023)		3.51%				
(Since inception to June 30, 2022)			4.29%			
(Since inception to June 30, 2021)				7.97%		
(Since inception to June 30, 2020)					3.48%	
(Since inception to June 30, 2019)						3.39%
Portfolio Composition (Please see Fund Manager Report)						

PROXY ISSUED BY THE FUND

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

The details of summarized proxies voted are as follows:

NBP Islamic Stock Fund				
	Resolutions	For	Against	Abstain*
Number	5	5	Nil	N/A
(%)	100%	100%	-	-

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