

NBP FUNDS

Managing Your Savings

Aitemaad اعتماد



اساتک سونگر

Islamic Savings

NBP Fund Management Limited



NBP RIBA FREE SAVINGS 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."

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	07
TRUSTEE REPORT TO THE UNIT HOLDERS	13
FUND MANAGER REPORT	14
STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES	16
REPORT OF THE SHARI'AH SUPERVISORY BOARD	17
INDEPENDENT ASSURANCE REPORT ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2023	18
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	20
STATEMENT OF ASSETS AND LIABILITIES	23
INCOME STATEMENT	24
STATEMENT OF COMPREHENSIVE INCOME	25
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	26
CASH FLOW STATEMENT	27
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	28
PERFORMANCE TABLE	51

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource & Remuneration Committee

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

Strategy & Business Planning Committee

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

* Pending SECP approval

Trustee

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

Bankers to the Fund

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

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Khalid Mansoor
Director



Mr. Saad Amanullah Khan
Director



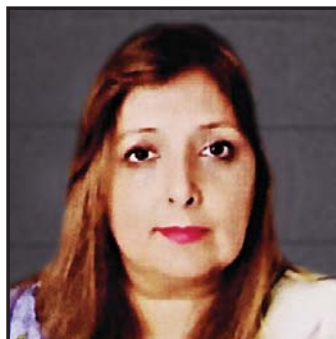
Mr. Faisal Ahmed*
Director



Mr. Ali Saigol
Director



Mr. Ruhail Muhammad
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

* Pending SECP approval

Senior Management



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Asim Wahab Khan, CFA
Chief Investment Officer



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Business
Development Officer



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



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Salman Ahmed, CFA
Head of Fixed Income



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



Mr. Muhammad Umer Khan
Head of Human Resources &
Administration



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Zaheer Iqbal, ACA FPFA
Head of Operations



Mr. Waheed Abidi
Head of Internal Audit



Mr. Hassan Raza, CFA
Head of Research



Mr. Mustafa Farooq
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 14th Annual Report of NBP Riba Free Savings Fund (NRFSF) for the year ended June 30, 2024.

Fund's Performance

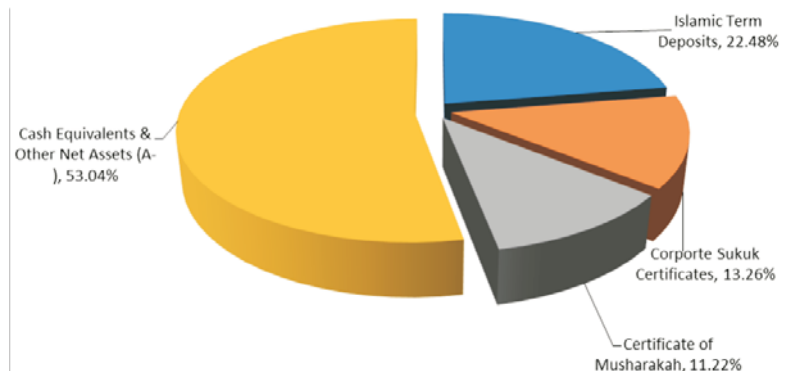
The market witnessed some fresh issuance of shariah compliant corporate sukuks, which helped the undersupplied market for the shariah compliant debt securities. In FY24, the State Bank's Monetary Policy Committee (MPC) held eight meetings, reducing the policy rate by 150 basis points in the fourth quarter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

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

NRFSF is an Islamic Income Scheme and has been awarded stability rating of 'A+ (f)' by PACRA, which denotes a strong capacity to maintain relative stability in returns and very low exposure to risks. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks/Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile.

The size of NBP Riba Free Savings Fund has increased from Rs. 1,591 million to Rs. 4,939 million during the period (a manifold increase of 210%). During the period, the unit price of the Fund has increased from Rs. 8.5632 (Ex-Div) on June 30, 2023 to Rs. 10.3414 on June 30, 2024, thus showing a return of 20.70% as compared to the benchmark return of 10.10% for the same period. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 392.05 million during the year. After deducting total expenses of Rs. 34.77 million, the net income is Rs. 357.28 million. The asset allocation of NRFSF as on June 30, 2024 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 20.517% of the opening ex-NAV (21.174% 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 A.F. Ferguson & Co., Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2025.

Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 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 25 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 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 17 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2024, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none">1. Mr. Khalid Mansoor2. Mr. Saad Amanullah Khan3. Mr. Ruhail Muhammad
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none">1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)2. Mr. Tauqeer Mazhar3. Ms. Mehnaz Salar4. Mr. Ali Saigol5. Mr. Imran Zaffar

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer

Director

Date: October 30, 2024
Place: Karachi.

ڈائریکٹرز رپورٹ

این پی فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP ریفری سیونگز فنڈ (NRFSF) کی چودھویں سالانہ رپورٹ برائے سالِ نختہ 30 جون 2024ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

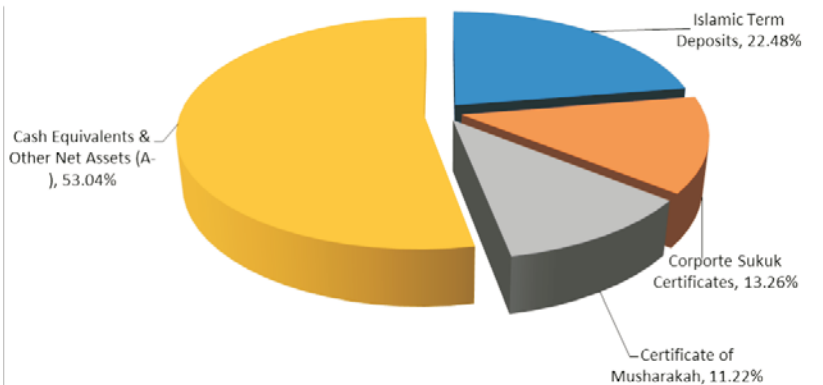
مارکیٹ میں چند نئے شریعہ کمپلائنسٹ کارپوریٹ سٹاک کا اجراء دیکھا گیا، جس نے شریعہ کمپلائنسٹ ڈیٹ سیکورٹیز کے لئے سست مارکیٹ کی مدد کی۔ مالی سال 24 میں اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (ایم پی سی) کے 8 اجلاس منعقد ہوئے، چوتھی سہ ماہی میں پالیسی شرح 150 بیس پوائنٹس کم کر کے 20.50 فیصد کر دی گئی۔ یہ فیصلہ بہتر میکرو اکنامک اشاروں کے باعث کیا گیا، جس کا مقصد افراط زر پر قابو پانا اور اس کے نقطہ نظر کو بہتر بنانا تھا۔ ایم پی سی نے افراط زر میں نمایاں کمی، کرنٹ اکاؤنٹ خسارے میں کمی اور زرمبادلہ کے مضبوط ذخائر درج کئے۔ تاہم، انہوں نے متنبہ کیا کہ مقامی اور بیرونی شکس، بنیادی اثرات، اور عالمی اجناس کی قیمتوں میں اتار چڑھاؤ کی وجہ سے قیمتوں میں عدم استحکام لاسکتے ہیں۔ حالیہ بجٹ اقدامات اور یوٹیلٹی ٹیرف میں مسلسل اضافے سے بھی افراط زر کا نقطہ نظر خطرے میں ہے، جس سے افراط زر کی توقع کمی سست ہو سکتی ہے۔

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

NRFSF ایک اسلامک انکم اسکیم ہے۔ فنڈ کو PACRA کی طرف سے (f) A+ کی اسٹیبلٹی ریٹنگ دی گئی ہے جو منافع جات میں استحکام برقرار رکھنے کی زبردست اہلیت اور خطرات کی زد میں آنے کے بہت معمولی امکانات کی نشان دہی کرتی ہے۔ فنڈ کا مقصد اسلامی بینکوں / کرسٹل بینکوں کی اسلامی و منڈ وڈ کی پیش کردہ منافع کی شرحوں کے مقابلے تو اتز سے بہتر منافع فراہم کرنا ہے، جب کہ اعلیٰ کوالٹی کے کریڈٹ پروفائل کے ساتھ آسان لیکویڈیٹی بھی مہیا کرنا ہے۔

NBP ریفری سیونگز فنڈ کا سائز اس مدت کے دوران 1,591 ملین روپے سے بڑھ کر 4,939 ملین روپے ہو گیا، یعنی 210% کا کئی گنا اضافہ ہوا۔ زیر جائزہ مدت کے دوران، فنڈ کی پونٹ قیمت 30 جون 2023 کو 8.5632 روپے (EX-Div) سے بڑھ کر 30 جون 2024 کو 10.3414 روپے ہو چکی ہے، لہذا فنڈ نے اسی مدت کے دوران 10.10% پیج مارک منافع کے مقابلے میں 20.70% کا منافع دیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ نے سال کے دوران 392.05 ملین روپے کی کل آمدنی کمائی ہے۔ 34.77 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 357.28 ملین روپے ہے۔ جون 2024 کو NBP ریفری سیونگز فنڈ کی ایسٹ ایلوکیشن درج ذیل ہے:



آمدنی کی تقسیم

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2024 کے اختتام کے بعد اوپننگ ex-NAV کا 20.517% (بنیادی قدر کا 21.174%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

تعمیرات

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 کپٹل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر آگے آگے آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2025 کو ختم ہونے والے سال کی دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

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

- 1 منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور پونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2 فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی کی گئی ہے۔ شمار یاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی بیرونی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
- 10 اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے 106 اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 25 میں ظاہر کی گئی ہے۔
- 11 پونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 22 میں ظاہر کیا گیا ہے۔
- 12 ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 17 میں ظاہر کی گئی ہے۔
- 13 کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2024 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں۔

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



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ 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 Riba Free Savings 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 Riba Free Savings Fund

NBP Riba Free Savings Fund (NRFSSF) is an Open-end Shariah Compliant Income Scheme.

Investment Objective of the Fund

The objective of NBP Riba Free Savings Fund is to provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah Compliant banks and money market/debt securities.

Benchmark

6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP.

Fund Performance Review

This is the 14th Annual report since the launch of the Fund on August 20, 2010. The Fund size has increased manifolds by 210% and stands at Rs. 4.9 billion as of June 30, 2024. The Fund has posted a return of 9.3% p.a. since its inception versus the benchmark return of 5.7% p.a. During FY24, the Fund posted a return of 20.7% as compared to the benchmark return of 10.1%. This translates into outperformance of 10.6% p.a. This outperformance is net of management fee and all other expenses.

NRFSSF is an Islamic Income Scheme with no direct or indirect exposure to the stock market. The Fund was awarded A+(f) stability rating by PACRA. The Fund aims to consistently provide better returns than profit rates offered by Islamic Banks/Islamic windows of commercial banks, while also providing easy liquidity along with a good quality credit profile. The maturity of any single instrument except GOP Ijarah Sukuks cannot exceed six months. GOP Ijarah Sukuks are floating rate Shariah-compliant securities with six-monthly coupon resets. This minimizes pricing risk.

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

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

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-24	30-Jun-23
GOP Ijarah Sukuk	-	14.05%
Certificate of Musharakah	11.22%	10.36%
Islamic term deposits	22.48%	-
Corporate Sukuk Certificates	13.26%	12.57%
Cash, Bank Placements & Other Assets	53.04%	63.02%
Total	100.00%	100.00%

Distribution for the Financial Year 2024

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June, 2024	21.74%	12.4375	10.3201

Unit Holding Pattern of NBP Riba Free Savings Fund as on June 30, 2024

Size of Unit Holding (Units)	# of Unit Holders
1-1000	4,007
1001-5000	386
5001-10000	185
10001-50000	538
50001-100000	210
100001-500000	378
500001-1000000	70
1000001-5000000	55
5000001-10000000	5
10000001-100000000	7
	5,841

During the period under question:

There has been no significant change in the state of affairs of the Fund, other than stated above. NBP Riba Free Savings Fund does not have any soft commission arrangement with any broker in the industry.

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

NBP Riba Free Savings 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 SHARIAH SUPERVISORY BOARD

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

Alhamdulillah, the period from July 01, 2023 to June 30, 2024 marks the Fourteenth year of the operations of NBP Riba Free Savings Fund (the "NRFSF" or the "Fund") under management of NBP Funds Management Limited (the "NBP Funds" or the "Management Company").

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

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

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

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

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

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

For and on behalf of Shariah Technical Services & Support

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

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

To The Board of Directors of NBP Fund Management Limited

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) - External Shariah Audit of NBP Riba Free Savings 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**.

Chartered Accountants

Date:
Place: Karachi

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Riba Free Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBP Riba Free Savings 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 cash flow statement 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 the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Net Asset Value (Refer notes 4 and 5 to the financial statements)</p> <p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2024 amounted to Rs. 2,385.788 million and Rs. 2,319.295 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: October 30, 2024
UDIN: AR2024100617TZ06EbuA

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
ASSETS			
Bank balances	4	2,385,788	890,564
Investments	5	2,319,295	738,376
Profit receivable	6	80,083	27,105
Receivable against issuance of units		268,467	16
Deposits and prepayments	7	546	515
Total assets		5,054,179	1,656,576
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	8	17,636	17,306
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	320	110
Payable to the Securities and Exchange Commission of Pakistan	10	283	416
Payable against redemption of units		44,245	9,927
Accrued expenses and other liabilities	11	52,906	37,731
Total liabilities		115,390	65,490
NET ASSETS		4,938,789	1,591,086
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		4,938,789	1,591,086
CONTINGENCIES AND COMMITMENTS	12		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	13	477,574,443	154,173,663
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT	3.6	10.3414	10.3201

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
INCOME			
Income on corporate sukuk certificates		47,635	63,467
Income on Islamic term deposit receipts		18,644	2,717
Income on Islamic commercial papers		-	184
Income on government securities		79,059	35,982
Income on certificates of musharakah		43,792	21,247
Profit on bank balances		202,226	206,064
Gain / (loss) on sale of investments - net		701	(495)
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	5.5	-	(2,871)
Total income		392,057	326,295
EXPENSES			
Remuneration of NBP Fund Management Limited - Management Company	8.1	17,032	18,070
Sindh sales tax on remuneration of the Management Company	8.2	2,214	2,349
Reimbursement of allocated expenses	8.3	1,612	2,718
Reimbursement of selling and marketing expenses	8.4	8,234	19,749
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	1,412	1,559
Sindh sales tax on remuneration of the Trustee	9.2	184	203
Fee to the Securities and Exchange Commission of Pakistan	10.1	1,412	416
Securities transaction cost		104	47
Settlement and bank charges		388	420
Auditors' remuneration	14	1,090	991
Annual Rating fee		661	601
Legal and professional charges		127	145
Annual Listing fee		31	28
Printing charges		47	111
Shariah advisory fee		226	329
Total expenses		34,774	47,736
Net income for the year before taxation		357,283	278,559
Taxation	15	-	-
Net income for the year after taxation		357,283	278,559
Earnings per unit			
Allocation of net income for the year:	3.13		
Net income for the year after taxation		357,283	278,559
Income already paid on units redeemed		(135,867)	(107,986)
Accounting income available for distribution		221,416	170,573
- Relating to capital gain		701	-
- Excluding capital gain		220,715	170,573
		221,416	170,573

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

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

Chief Financial Officer

Chief Executive Officer

Director

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

	2024	2023
	--- (Rupees in '000) ---	
Net income for the year after taxation	357,283	278,559
Other comprehensive income	-	-
Total comprehensive income for the year	<u>357,283</u>	<u>278,559</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at the beginning of the year	1,529,602	61,484	1,591,086	2,739,798	53,456	2,793,254
Issuance of 898,781,076 units (2023: 83,411,500 units)						
- Capital value (at ex - net asset value per unit)	9,275,511	-	9,275,511	856,361	-	856,361
- Element of income	1,395,939	-	1,395,939	35,313	-	35,313
Total proceeds on issuance of units	10,671,450	-	10,671,450	891,674	-	891,674
Redemption of 575,380,296 units (2023: 201,308,514 units)						
- Capital value (at ex - net asset value per unit)	(5,937,982)	-	(5,937,982)	(2,066,774)	-	(2,066,774)
- Element of loss	(903,703)	(135,867)	(1,039,570)	(10,597)	(107,986)	(118,583)
Total payments on redemption of units	(6,841,685)	(135,867)	(6,977,552)	(2,077,371)	(107,986)	(2,185,357)
Total comprehensive income for the year	-	357,283	357,283	-	278,559	278,559
Interim distribution for the year ended June 30, 2024						
@ Rs. 2.1174 per unit declared on June 27, 2024	(491,259)	(212,219)	(703,478)	-	-	-
(2023: Rs. 1.4497 per unit declared on June 21, 2023)	-	-	-	(24,499)	(162,545)	(187,044)
Net assets at the end of the year	<u>4,868,108</u>	<u>70,681</u>	<u>4,938,789</u>	<u>1,529,602</u>	<u>61,484</u>	<u>1,591,086</u>
Undistributed income brought forward						
- Realised income		64,355			53,231	
- Unrealised (loss) / income		(2,871)			225	
		<u>61,484</u>			<u>53,456</u>	
Accounting income available for distribution						
- Relating to capital gain		701			-	
- Excluding capital gain		220,715			170,573	
		<u>221,416</u>			<u>170,573</u>	
Distributions during the year		(212,219)			(162,545)	
Undistributed income carried forward		<u>70,681</u>			<u>61,484</u>	
Undistributed income carried forward						
- Realised income		70,681			64,355	
- Unrealised loss		-			(2,871)	
		<u>70,681</u>			<u>61,484</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			<u>10.3201</u>			<u>10.2667</u>
Net asset value per unit at the end of the year			<u>10.3414</u>			<u>10.3201</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

Note	2024	2023
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	357,283	278,559
Adjustments:		
Income on corporate sukuk certificates	(47,635)	(63,467)
Income on term deposit receipts	(18,644)	(2,717)
Income on Islamic commercial papers	-	(184)
Income on government securities	(79,059)	(35,982)
Income on certificates of musharakah	(43,792)	(21,247)
Profit on bank balances	(202,226)	(206,064)
Loss on sale of investments - net	(701)	495
Unrealised diminution on re-measurement of investments 'at fair value through profit or loss' - net	5.5 -	2,871
	(392,057)	(326,295)
(Increase) / decrease in assets		
Investments - net	(280,703)	471,807
Deposits and prepayments	(31)	(28)
	(280,734)	471,779
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	330	(3,829)
Payable to Central Depository Company of Pakistan Limited - Trustee	210	(86)
Payable to the Securities and Exchange Commission of Pakistan	(133)	(287)
Accrued expenses and other liabilities	15,175	(680)
	15,582	(4,882)
Profit received on bank balances, Islamic term deposit receipts, corporate sukuk certificates, Islamic commercial papers, government securities, and certificates of musharakah	338,378	342,771
Net cash generated from operating activities	38,452	761,932
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units - net of refund of element	9,911,740	867,640
Net payments against redemption of units	(6,943,234)	(2,216,119)
Dividend paid	(212,219)	(162,545)
Net cash generated from / (used in) financing activities	2,756,287	(1,511,024)
Net increase / (decrease) in cash and cash equivalents during the year	2,794,739	(749,092)
Cash and cash equivalents at the beginning of the year	1,205,344	1,954,436
Cash and cash equivalents at the end of the year	4.2 4,000,083	1,205,344

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NBP Riba Free Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 18, 2010, in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund was registered under the Sindh Trust Act, 2020 on October 18, 2021.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (the SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3** The Fund has been categorised as an open ended Shariah compliant income scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 20, 2010 and are transferable and redeemable by surrendering them to the Fund.
- 1.4** The investment objective of the Fund is to provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in Shariah compliant banks and money market / debt securities.
- 1.5** The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 on June 21, 2024 (2023: AM1 on June 22, 2023). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund to A+(f) on April 09, 2024 (2023: A+(f) on April 14, 2023).
- 1.6** The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan 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 Accounting Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year

During the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

There are certain other amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements and are, therefore, not disclosed in these financial statements.

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

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

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

2.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5) and federal excise duty (note 8.5).

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Initial recognition and measurement

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

3.2.2 Classification and subsequent measurement

Debt instruments

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

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

based on the business model of the entity.

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

3.2.3 Subsequent measurement

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

Financial assets 'at fair value through profit or loss'

Basis of valuation of Government securities

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

Basis of valuation of debt securities

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

3.2.4 Impairment (other than debt securities)

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

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

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

3.2.5 Impairment loss on debt securities

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

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

3.2.6 Regular way contracts

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

3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the income statement.

3.3 Financial liabilities

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

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

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net asset value per unit

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

3.7 Issue and redemption of units

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

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

3.8 Distributions to unit holders

Distributions to unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP. Distribution for the year also includes portion 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 year in which such distributions are declared and approved by the Board of Directors of the Management Company.

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

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

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in income statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the year in which these arise;
- Income on debt securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on balances with banks and other income is recognised on an accrual basis.

3.11 Expenses

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

3.12 Taxation

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

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

3.13 Earnings / (loss) per unit

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

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

3.14 Foreign currency translation

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

		2024	2023
	Note	----- (Rupees in '000) -----	
4 BANK BALANCES			
Balances with banks in:			
Savings accounts	4.1	2,381,878	873,617
Current accounts		3,910	16,947
		2,385,788	890,564

4.1 These include a balance of Rs. 1.242 million (2023: Rs. 0.882 million) maintained with National Bank of Pakistan (a related party) which carries profit at the rate of 10.00% (2023: 18.40%) per annum. Other savings accounts of the Fund carry profit at the rates ranging from 11.01% to 20.50% per annum (2023: 10.00% to 20.50% per annum).

NBP RIBA FREE SAVINGS FUND

4.2 Cash and cash equivalents:

Bank balances	4	2,385,788	890,564
Islamic term deposit receipts	5.2	1,110,000	150,000
Certificates of musharakah	5.4	504,295	164,780
		<u>4,000,083</u>	<u>1,205,344</u>

5 INVESTMENTS

Financial assets 'at fair value through profit or loss'

Government securities - GOP Ijara Sukuks certificates	5.1	-	223,556
Islamic term deposit receipts	5.2	1,110,000	150,000
Corporate sukuk certificates	5.3	655,000	200,040
Certificates of musharakah	5.4	554,295	164,780
		<u>2,319,295</u>	<u>738,376</u>

5.1 Government securities - GOP Ijara Sukuks certificates

Name of security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation	Market value as a percentage of	
											total investments	net assets of the Fund
				Number of certificates				(Rupees in '000)			%	
GoP Ijarah sukuk GIS - VRR - XXI (Face value of Rs. 100,000 per certificate)	Semi-annually	May 29, 2025	Weighted average 6 months T-Bills	2,250	-	2,250	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXXVII (Face value of Rs. 100,000 per certificate)	Semi-annually	May 07, 2024	Weighted average 6 months T-Bills	-	40,000	40,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXXII (Face value of Rs. 100,000 per certificate)	Semi-annually	June 26, 2024	Weighted average 6 months T-Bills	-	10,000	10,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXXIX (Face value of Rs. 100,000 per certificate)	Semi-annually	October 09, 2024	Weighted average 6 months T-Bills	-	20,000	20,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XL (Face value of Rs. 100,000 per certificate)	Semi-annually	December 04, 2024	Weighted average 6 months T-Bills	-	5,000	5,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XIX (Face value of Rs. 100,000 per certificate)	Semi-annually	May 29, 2025	Weighted average 6 months T-Bills	45,000	-	45,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XLI (Face value of Rs. 100,000 per certificate)	Semi-annually	December 04, 2026	Weighted average 6 months T-Bills	-	15,000	15,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XLII (Face value of Rs. 100,000 per certificate)	Semi-annually	December 04, 2028	Weighted average 6 months T-Bills	-	20,000	20,000	-	-	-	-	-	-
Total as at June 30, 2024												
Total as at June 30, 2023								225,067	223,556	(1,511)	35.83%	11.53%

5.2 Islamic term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	Carrying Value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as a percentage of	
											total investments	net assets of the Fund
				(Rupees in '000)							%	
COMMERCIAL BANKS												
Faysal Bank Limited	AA, PACRA	July, 17, 2023	20.40%	150,000	-	150,000	-	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	August, 17, 2023	21.30%	-	150,000	150,000	-	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	September, 18, 2023	21.30%	-	150,000	150,000	-	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	June, 27, 2024	21.45%	-	510,000	510,000	-	-	-	-	-	-
UBL Islamic Banking	AA, PACRA	July, 04, 2024	19.75%	-	600,000	-	600,000	600,000	600,000	-	25.87%	12.15%
Faysal Bank Limited	AA, PACRA	July, 29, 2024	20.10%	-	510,000	-	510,000	510,000	510,000	-	21.99%	10.33%
Total as at June 30, 2024								<u>1,110,000</u>	<u>1,110,000</u>	-	<u>47.86%</u>	<u>22.48%</u>
Total as at June 30, 2023								<u>150,000</u>	<u>150,000</u>	-	-	-

5.3 Corporate sukuk certificates

Name of security	Rating	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as a percentage of	
					Number of certificates			(Rupees in '000)		%			
POWER GENERATION AND DISTRIBUTION													
Pakistan Energy Sukuk - II (Face value of Rs. 5,000 per certificate)	AA+, PACRA	Semi-annually / At maturity	May 21, 2030	6 months KIBOR + 0.10%	40,000	-	40,000	-	-	-	-	-	-
Lucky Electric Power Company - Short term Sukuks - XXVIII (Face value per certificate Rs. 1,000,000)	AA, PACRA	Semi-annually	October 15, 2024	6 months KIBOR + 0.25%	-	100	-	100	100,000	100,000	-	4.31%	2.02%
Pakistan Mobile Communications Limited - Short term Sukuk (Face value per certificate Rs. 1,000,000)	AA, PACRA	Semi-annually	October 24, 2024	3 months KIBOR + 0.25%	-	150	-	150	150,000	150,000	-	6.47%	3.04%
The Hub Power Company Limited - Short term Sukuks (Face value per certificate Rs. 1,000,000)	AA, PACRA	Semi-annually	November 3, 2024	6 months KIBOR + 0.25%	-	100	-	100	100,000	100,000	-	4.31%	2.02%
K-Electric - Short term Sukuks - XXVI (Face value per certificate Rs. 1,000,000)	AA, PACRA	Semi-annually	December 4, 2024	6 months KIBOR + 0.15%	-	305	-	305	305,000	305,000	-	13.15%	6.18%
Total as at June 30, 2024									655,000	655,000	-	28.24%	13.26%
Total as at June 30, 2023									201,400	200,040	(1,360)	58.63%	18.86%

5.4 Certificates of musharakah

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as a percentage of	
				(Rupees in '000)			(%)					
First Habib Modaraba	AA+, PACRA	September 20, 2023	22.25%	164,780,000	-	164,780,000	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	December 20, 2023	22.25%	-	173,997,927	173,997,927	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	March 20, 2024	21.85%	-	183,650,045	183,650,045	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	June 20, 2024	21.80%	-	193,654,444	193,654,444	-	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	October 18, 2024	21.98%	-	50,000,000	-	50,000,000	50,000	50,000	-	2.16%	1.01%
First Habib Modaraba	AA+, PACRA	September 20, 2024	20.40%	-	204,295,358	-	204,295,358	204,295	204,295	-	8.81%	4.14%
First Habib Modaraba	AA+, PACRA	September 20, 2024	20.40%	-	300,000,000	-	300,000,000	300,000	300,000	-	12.93%	6.07%
Total as at June 30, 2024								554,295	554,295	-	23.90%	11.22%
Total as at June 30, 2023								164,780	164,780	-	-	-

5.5 Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net

Note

	2024	2023
	----- (Rupees in '000) -----	
Market value of investments	2,319,295	738,376
Less: carrying value of investments	(2,319,295)	(741,247)
	<u>-</u>	<u>(2,871)</u>

6 PROFIT RECEIVABLE

Profit receivable on:

Bank balances	52,252	15,309
Government securities - GOP Ijara Sukuks certificates	-	4,436
Islamic term deposit receipts	3,396	1,341
Corporate sukuk certificates	19,076	4,938
Certificates of musharakah	5,359	1,081
	<u>80,083</u>	<u>27,105</u>

6.1 Profit receivable on bank balances include Rs. 0.035 million (2023: Rs.0.033 million) due from National Bank of Pakistan.

		2024	2023
	Note	----- (Rupees in '000) -----	
7 DEPOSITS AND PREPAYMENTS			
Security deposit with the Central Depository Company of Pakistan Limited *		200	200
Prepaid rating fee		346	315
		546	515
* related party balance			
8 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY			
Remuneration payable to the Management Company	8.1	2,095	1,522
Sindh sales tax on remuneration payable to the Management Company	8.2	272	198
Reimbursement of allocated expenses payable	8.3	-	607
Reimbursement of selling and marketing expenses payable	8.4	2,379	3,837
Sales and transfer load payable		1,531	75
Sindh sales tax on sales and transfer load		199	10
Federal excise duty on remuneration of the Management Company and sales load	8.5	10,991	10,991
ADC charges payable including Sindh sales tax		169	66
		17,636	17,306

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

2024		2023
Rate applicable from July 1, 2023 to March 24, 2024	Rate applicable from March 25, 2024 to June 30, 2024	Rate applicable from July 1, 2022 to June 30, 2023
6% on net income, subject to floor and capping of 0.5% and 1.25% per annum of the average annual net assets.	2.8% on net income, subject to floor and capping of 0.5% and 1.25% per annum of the average annual net assets.	6% on net income, subject to floor and capping of 0.5% and 1.25% per annum of the average annual net assets.

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

- 8.2 During the year, an amount of Rs. 2.214 million (2023: Rs. 2.349 million) was charged on account of sales tax on management fee levied through the Sindh Sales tax on Services Act, 2011 at the rate of 13% (2023: 13%).
- 8.3 In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

2024		2023	
Rate applicable from July 1, 2023 to March 24, 2024	Rate applicable from March 25, 2024 to June 30, 2024	Rate applicable from July 1, 2022 to March 15, 2023	Rate applicable from March 16, 2023 to June 30, 2023
0.15% of average annual net assets	Nil	0.125% of average annual net assets	0.15% of average annual net assets

- 8.4 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at the following rates keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations.

2024				2023
Rate applicable from July 1, 2023 to July 31, 2023	Rate applicable from August 1, 2023 to November 7, 2023	Rate applicable from November 8, 2023 to March 24, 2024	Rate applicable from March 25, 2024 to June 30, 2024	Rate applicable from July 1, 2022 to June 30, 2023
0.95% of average annual net assets	0.80% of average annual net assets	0.70% of average annual net assets	Nil	0.95% of average annual net assets

- 8.5 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan (SCP) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs. 10.991 million (2023: Rs. 10.991 million) is being retained in these financial statements of the Fund as the matter is pending before the SHC. Had the provision for FED not been made, the net asset value per unit of the Fund as at June 30, 2024 would have been higher by Re. 0.0223 per unit (2023: Re. 0.0691 per unit).

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

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note	2024	2023
			--- (Rupees in 000) ---	
	Trustee fee payable	9.1	284	97
	Sindh sales tax payable on Trustee fee	9.2	36	13
			<u>320</u>	<u>110</u>

- 9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2023: 0.075%) per annum of average annual net assets. Accordingly the Fund has charged trustee fee at the above mentioned rate during the year.

- 9.2 During the year, an amount of Rs. 0.184 million (2023: Rs. 0.203 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh sales tax on Services Act, 2011 at the rate of 13% (2023: 13%).

		2024	2023
	Note	----- (Rupees in 000) -----	-----
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Fee payable	10.1 <u>283</u>	<u>416</u>
10.1	Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% (2023: 0.02%) of the average annual net assets of the Fund.		
	Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.		
11	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration payable	676	753
	Bank charges payable	89	74
	Settlement charges payable	54	40
	Withholding tax payable	42,389	33,908
	Capital gain tax payable	8,512	2,025
	Legal and professional charges payable	150	182
	Shariah advisory fee payable	562	336
	Printing charges payable	73	70
	Brokerage payable	55	-
	Other payable	346	343
		<u>52,906</u>	<u>37,731</u>
12	CONTINGENCIES AND COMMITMENTS		
	There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.		
13	NUMBER OF UNITS IN ISSUE		
	Total units in issue at the beginning of the year	154,173,663	272,070,677
	Units issued during the year	898,781,076	83,411,500
	Less: units redeemed during the year	<u>(575,380,296)</u>	<u>(201,308,514)</u>
	Total units in issue at the end of the year	<u>477,574,443</u>	<u>154,173,663</u>
14	AUDITORS' REMUNERATION		
	Annual audit fee	700	495
	Half yearly review	260	200
	Other certification	-	200
	Out of pocket expenses	130	96
		<u>1,090</u>	<u>991</u>
15	TAXATION		

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

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

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2024 is 1.84% (2023: 2.30%) which includes 0.20% (2023: 0.14%) representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. The TER excluding government levies is 1.64% (2023: 2.16%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as an income scheme.

17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

17.1 Related parties / connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, directors and key management personnel of the Management Company and other associated companies. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

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

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

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

17.5 Allocated expenses and selling and marketing expenses are reimbursed by the Fund to the Management Company subject to the maximum prescribed Total Expense Ratio.

17.6 The details of transactions with related parties / connected persons during the year are as follows:

	2024	2023
	---- (Rupees in '000) ----	
NBP Fund Management Limited - the Management Company		
Remuneration of the Management Company	17,032	18,070
Sindh sales tax on remuneration of the Management Company	2,214	2,349
Reimbursement of allocated expenses	1,612	2,718
Reimbursement of selling and marketing expenses	8,234	19,749
Sales load and Sindh sales tax on sales load	2,033	693
ADC charges including Sindh sales tax	442	122
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the Trustee	1,412	1,559
Sindh sales tax on remuneration of the Trustee	184	203
Settlement charges	7	9
National Bank of Pakistan - Parent company		
Profit on bank balances	5	20

	2024	2023
	---- (Rupees in '000) ----	
Employees of the Management Company		
Units issued / transferred in: 17,813,706 units (2023: 1,022,462 units)	191,598	10,735
Dividend re-invested: 27,865 units (2023: 10,926 units)	288	112
Units redeemed / transferred out: 5,332,458 units (2023: 1,162,966 units)	63,679	12,433
Portfolio managed by the Management Company		
Units issued / transferred in: 484,491 units (2023: Nil units)	5,000	-
Dividend re-invested: 12,380 units (2023: 29 units)	128	-
Units redeemed / transferred out: Nil units (2023: 71 units)	-	1
Mr. Khalid Mehmood - Chief Financial Officer		
Dividend re-invested: 13 units (2023: 8 units) *	-	-
K-Electric Limited - common directorship		
Purchase of sukuk certificates	305,000	270,000
Income on corporate sukuks	4,751	29,751
Lucky Electric Power Company - common directorship		
Purchase of sukuk certificates	100,000	-
Income on corporate sukuks	4,637	-
DD Shipbreakers - unit holders with more than 10% holding **		
Units issued / transferred in: 146,901,139 units (2023: Nil units)	1,812,829	-
Dividend re-invested: 15,058,275 units (2023: Nil units)	155,403	-
Units redeemed / transferred out: 73,507,873 units (2023: Nil units)	914,254	-
* Nil units value due to rounding off difference.		
** Previous year figure has not been shown as the company was not a related party / connected person as at June 30,2023.		
17.7 Amounts outstanding as at year end are as follows :		
NBP Fund Management Limited - the Management Company		
Remuneration of the Management Company payable	2,095	1,522
Sindh sales tax on remuneration of the Management Company	272	198
Reimbursement of allocated expenses payable	-	607
Reimbursement of selling and marketing expenses payable	2,379	3,837
Sales and transfer load payable	1,531	75
Sindh sales tax on sales load payable	199	10
Federal excise duty on remuneration of the Management Company	10,991	10,991
ADC charges payable including Sindh sales tax	169	66
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee payable	284	97
Sindh sales tax on remuneration of the Trustee	36	13
CDC charges payable	41	40
Security deposit	200	200
National Bank of Pakistan - Parent company		
Bank balances	1,242	882
Profit accrued on bank balances	35	33

	2024	2023
	---- (Rupees in '000) ----	
Employees of the Management Company		
Investment held in the Fund: 12,864,444 units (2023: 355,331 units)	133,037	3,667
Portfolio managed by the Management Company *		
Units held: 496,871 units (2023: 235 units)	5,138	2
Mr. Khalid Mehmood - Chief Financial Officer		
Units held: 85 units (2023: 72 units)	1	1
DD Shipbreakers - unit holders with more than 10% holding **		
Units held: 88,451,541 units (2023: Nil units)	914,721	-

* This reflects the position of the related party / connected persons status as at June 30, 2024.

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2024		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Financial assets			
Bank balances	2,385,788	-	2,385,788
Investments	-	2,319,295	2,319,295
Profit receivable	80,083	-	80,083
Receivable against issuance of units	268,467	-	268,467
Deposit	200	-	200
	<u>2,734,538</u>	<u>2,319,295</u>	<u>5,053,833</u>
Financial liabilities			
Payable to NBP Fund Management Limited - Management Company	17,636	-	17,636
Payable to Central Depository Company of Pakistan Limited - Trustee	320	-	320
Payable against redemption of units	44,245	-	44,245
Accrued expenses and other liabilities	2,005	-	2,005
	<u>64,206</u>	<u>-</u>	<u>64,206</u>

	----- 2023 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Financial assets			
Bank balances	890,564	-	890,564
Investments	-	738,376	738,376
Profit receivable	27,105	-	27,105
Receivable against issuance of units	16	-	16
Deposits	200	-	200
	<u>917,885</u>	<u>738,376</u>	<u>1,656,261</u>
Financial liabilities			
Payable to NBP Fund Management Limited - Management Company	17,306	-	17,306
Payable to Central Depository Company of Pakistan Limited - Trustee	110	-	110
Payable against redemption of units	9,927	-	9,927
Accrued expenses and other liabilities	1,798	-	1,798
	<u>29,141</u>	<u>-</u>	<u>29,141</u>

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

19.1 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 profit rates. As of June 30, 2024, the Fund is exposed to such risk on its bank balances and investments in corporate sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances and corporate sukuks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 30.37 million (2023: Rs. 12.62 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds Islamic term deposit receipts and certificates of musharakah which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 16.64 million (2023: Rs. 3.50 million).

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

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

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

----- 2024 -----						
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- (Rupees in '000) -----						
Financial assets						
Bank balances	11.01% - 22.50%	2,381,878	-	-	3,910	2,385,788
Investments	19.75% - 22.25%	1,614,295	705,000	-	-	2,319,295
Profit receivable		-	-	-	80,083	80,083
Receivable against issuance of units		-	-	-	268,467	268,467
Deposit		-	-	-	200	200
		3,996,173	705,000	-	352,660	5,053,833
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	17,636	17,636
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	320	320
Payable against redemption of units		-	-	-	44,245	44,245
Accrued expenses and other liabilities		-	-	-	2,005	2,005
		-	-	-	64,206	64,206
On-balance sheet gap		3,996,173	705,000	-	288,454	4,989,627
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		3,996,173	705,000	-		
Cumulative profit rate sensitivity gap		3,996,173	4,701,173	4,701,173		

----- 2023 -----					
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

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

Financial assets

Bank balances	10.00% - 20.50%	873,617	-	-	16,947	890,564
Investments	20.04% - 21.96%	314,780	423,596	-	-	738,376
Profit receivable		-	-	-	27,105	27,105
Receivable against issuance of units		-	-	-	16	16
Deposit		-	-	-	200	200
		1,188,397	423,596	-	44,268	1,656,261

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	17,306	17,306
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	110	110
Payable against redemption of units		-	-	-	9,927	9,927
Accrued expenses and other liabilities		-	-	-	1,798	1,798
		-	-	-	29,141	29,141

On-balance sheet gap

1,188,397	423,596	-	15,127	1,627,120
-----------	---------	---	--------	-----------

Off-balance sheet financial instruments

-	-	-	-	-
---	---	---	---	---

Off-balance sheet gap (b)

-	-	-	-	-
---	---	---	---	---

Total profit rate sensitivity gap (a+b)

1,188,397	423,596	-		
-----------	---------	---	--	--

Cumulative profit rate sensitivity gap

1,188,397	1,611,993	1,611,993		
-----------	-----------	-----------	--	--

(ii) Currency risk

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

(iii) Price risk

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

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not hold any instruments that expose it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2024.

19.2 Liquidity risk

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

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

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement subject to the maximum limit which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

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

----- 2024 -----						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

Financial liabilities

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

----- (Rupees in '000) -----						
17,636	-	-	-	-	-	17,636
320	-	-	-	-	-	320
44,245	-	-	-	-	-	44,245
1,329	676	-	-	-	-	2,005
63,530	676	-	-	-	-	64,206

----- 2023 -----						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

Financial liabilities

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

----- (Rupees in '000) -----						
17,306	-	-	-	-	-	17,306
110	-	-	-	-	-	110
9,927	-	-	-	-	-	9,927
1,045	753	-	-	-	-	1,798
28,388	753	-	-	-	-	29,141

19.3 Credit risk

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

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- (Rupees in '000) -----				
Bank balances	2,385,788	2,385,788	890,564	890,564
Investments	2,319,295	2,319,295	738,376	514,820
Profit receivable	80,083	80,083	27,105	22,669
Receivable against issuance of units	268,467	268,467	16	16
Deposits	200	200	200	200
	<u>5,053,833</u>	<u>5,053,833</u>	<u>1,656,261</u>	<u>1,428,269</u>

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

19.3.2 Credit quality of financial assets

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

	% of financial assets exposed to credit risk	
	2024	2023
Bank balances and accrued profit thereon		
AAA	40.57%	1.34%
AA+ *	-	0.01%
AA	0.22%	0.16%
AA-	7.15%	27.13%
A+	0.36%	25.20%
A- *	-	0.01%
BB+ *	-	-
Islamic term deposit receipts		
AA	21.96%	9.06%
Certificate of musharakah		
AA+	10.97%	9.95%
Corporate sukuk certificates		
AA	12.96%	12.08%
	<u>94.20%</u>	<u>84.95%</u>

* Nil due to rounding off

19.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2024 and June 30, 2023 are unsecured and are not impaired.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

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

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

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

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 value:

	----- 2024 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in 000-----			
At fair value through profit or loss				
Government securities - GOP Ijara Sukuks certificates	-	-	-	-
Islamic term deposit receipts *	-	1,110,000	-	1,110,000
Corporate sukuk certificates **	-	655,000	-	655,000
Certificates of musharakah *	-	554,295	-	554,295
	-	2,319,295	-	2,319,295
	----- 2023 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in 000-----			
At fair value through profit or loss				
Government securities - GOP Ijara Sukuks certificates	-	223,556	-	223,556
Islamic term deposit receipts *	-	150,000	-	150,000
Corporate sukuk certificates **	-	200,040	-	200,040
Certificates of musharakah *	-	164,780	-	164,780
	-	738,376	-	738,376

- * The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.
- ** The valuation of corporate sukuk certificates was done based on amortisation to their fair values as per the guidelines given in Circular 33 of 2012 by the SECP as the residual maturities of these investments were less than six months and were placed with counterparties which have high credit rating.

21 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' Fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the "Statement of Movement in Unit Holders' Fund".

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

22 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2024 -----			----- 2023 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	5,783	3,472,921	70.32%	5,764	1,324,940	83.27%
Associated companies and directors	1	914,713	18.52%	-	-	-
Insurance companies	1	15	_*	1	13	_*
Retirement funds	18	230,717	4.67%	37	198,017	12.45%
Public limited companies	2	85	_*	1	-	_*
Others	36	320,338	6.49%	17	68,116	4.28%
	<u>5,841</u>	<u>4,938,789</u>	<u>100%</u>	<u>5,820</u>	<u>1,591,086</u>	<u>100%</u>

* Nil due to rounding off

23 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2024 -----		----- 2023 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
J.S Global Pakistan Ltd	13.25%	BIPL Securities Limited	78.95%
Summit Capital Pvt Ltd	35.97%	Arif Habib Securities Limited	21.05%
Next Capital Ltd	50.78%		
	<u>100.00%</u>		<u>100.00%</u>

- 23.1 The Fund has traded with only the above mentioned three brokers / dealers during the year ended June 30, 2024 (2023: two brokers / dealers).

24 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	36
Asim Wahab Khan	Chief Investment Officer	CFA	18
Salman Ahmed (note 24.1)	Head of Fixed Income	CFA	19
Hassan Raza	Head of Research	ACCA / BSC / CFA	13
Usama Bin Razi	Senior Manager Fixed Income	BE / MBA	20

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

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

25 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

26 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

27 GENERAL

27.1 Figures in these financial statements have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

28 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	for the Year ended June 30, 2024	for the Year ended June 30, 2023	for the Year ended June 30, 2022	for the Year ended June 30, 2021	for the Year ended June 30, 2020	for the Year ended June 30, 2019
Net assets (Rs. '000')	4,938,789	1,591,086	2,793,254	4,326,998	5,162,672	6,569,051
Net Income (Rs. '000')	357,283	278,559	287,248	301,598	632,992	489,101
Net Asset Value per units (Rs.)	10.3414	10.3201	10.2667	10.2426	10.2319	10.2049
Offer price per unit	10.4583	10.4367	10.3827	10.3583	10.2897	10.2625
Redemption price per unit	10.3414	10.3201	10.2667	10.2426	10.2319	10.2319
Ex - Highest offer price per unit (Rs.)	10.4583	10.4367	10.3827	10.3583	10.2897	10.2625
Ex - Lowest offer price per unit (Rs.)	8.6642	9.1012	9.5565	9.7024	9.2222	9.4344
Ex - Highest redemption price per unit (Rs.)	10.3414	10.3201	10.2667	10.2426	10.2319	10.2049
Ex - Lowest redemption price per unit (Rs.)	8.5674	8.9994	9.4497	9.6479	9.2222	9.3783
Fiscal Year Opening Ex Nav	8.5632	8.9964	9.4482	9.6460	10.2049	9.3736
Total return of the fund	20.70%	14.71%	8.66%	6.19%	10.95%	8.87%
Capital growth	0.19%	0.59%	0.26%	0.11%	0.26%	0.17%
Income distribution as a % of ex nav	20.52%	14.12%	8.41%	6.07%	10.69%	8.694%
Income distribution as a % of par value	21.17%	14.50%	8.61%	6.22%	10.91%	8.858%
Distribution						
Interim distribution per unit	2.1174	1.4497	0.8612	0.6215	1.0909	0.8858
Final distribution per unit						
Distribution dates						
Interim	26-Jun-27	21-Jun-23	24-Jun-22	23-Jun-21	26-Jun-2020	26-Jun-2019
Final						
Average annual return (launch date 21-08-2010)						
(Since inception to June 30, 2024)	9.34%					
(Since inception to June 30, 2023)		8.50%				
(Since inception to June 30, 2022)			7.99%			
(Since inception to June 30, 2021)				7.93%		
(Since inception to June 30, 2020)					8.11%	
(Since inception to June 30, 2019)						7.79%
(Since inception to June 30, 2018)						
(Since inception to June 30, 2017)						
(Since inception to June 30, 2016)						
(Since inception to June 30, 2015)						
(Since inception to June 30, 2014)						
(Since inception to June 30, 2013)						
(Since inception to June 30, 2012)						
(Since inception to June 30, 2011)						
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	31 Days	50 Days	37 Days	50 Days	67 Days	14 Days

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpffunds.com

Website: www.nbpffunds.com

 /nbpffunds