

NIT Social Impact Fund (NIT - SIF) is an open-end Micro Finance Sector Income Fund Scheme that shall channelize funds of impact investors to leverage on the strengths of rated asset pool of Micro-Finance Sector, for maximization of financial returns and catalyze financially sustainable social impact.



CORPORATE INFORMATION

FUND NAME

NIT - Social Impact Fund

NAME OF AUDITORS

A.F. Ferguson & Co. Chartered Accountants

LIST OF BANKERS

Bank Al Habib Limited

Habib Bank Limited

MCB Bank Limited

Soneri Bank Limited

U-Microfinance Bank Limited

HBL Microfinance Bank Limited

Khushali Microfinance Bank Limited

NIT - SOCIAL IMPACT FUND

FUND MANAGER REPORT

2022-2023

NIT Social Impact Fund (NIT-SIF) Objective

The objective of NIT Social Impact Fund is to finance strategic and financially sustainable social initiatives such as women empowerment, agriculture value chains, Micro Small Medium Enterprises development, Low cost renewable energy etc. through microfinance banks/institutions/providers.

Profile of Investment Manager

National Investment Trust Ltd. (NITL) is the first and among the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 93 billion assets as of June 30, 2023 the total number of Funds under the management of NITL are 14, including 3 equity Funds, Islamic Equity Fund, 2 fixed Income Funds, Money market Fund, Islamic Income Fund, Islamic Money Market Fund, Asset Allocation Fund, Exchange Traded Fund, Micro Finance Sector Income Fund, Conventional Pension Fund and Islamic Pension Fund. NIT has established a strong national distribution network which comprises of 24 branches and 03 sale counters including an Investor Facilitation Centre and customer Call Centre at Karachi and various Authorized Bank branches all across Pakistan as its distributors. NITL has also launched an online application allowing its customers to interact with it for a range of services. The Board of Directors of NITL consists of representatives of leading financial institutions, prominent industrialists and nominee of Govt. of Pakistan. The Company has been assigned an Asset Manager rating of "AM1" by PACRA, which demonstrates the company's consistently better funds' performance among peers, fund slate diversification, materialization of digital initiatives and a strong equity base and financial profile. As of December 2022, VIS has also maintained AM1 rating to NITL. All Investment decisions are taken by the Investment Committee of NITL.

Fund Information - NIT SIF

• Fund Type	Open-End	• Category	Income Fund
• Launch Date	May 16, 2022	• Listing	N/A
• Management Fee	10% of Gross Earnings, subject to 0.50% p.a. minimum and 1.25% p.a. maximum of Average Annual Net Assets	• Front End Load	Class A Units: NIL Class B Units: upto 2%
• Back End Load	Class A Units: 3% for Redemption during 1st Year of Investment & 1.5% for Redemption during 2nd Year of Investment. Class B Units: NIL	• Par Value	PKR 10.00
• Fund Manager	Khurram Aftab	• Risk Profile	Medium
• Stability Rating	A+ (f) (VIS) 30-DEC-2022	• AMC Rating	AM1 by (PACRA) (updated on 24-May-2023) AM1 by (VIS) (updated on 29-Dec-2022)
• Trustee	Central Depository Co. (CDC)	• Auditors	A.F. Ferguson & Co.
• Registrar	National Investment Trust Ltd.	• Pricing Mechanism	Forward Day Pricing
• Min Subscription	Class A Unit PKR 500,000 Class B Unit PKR 500	• Risk of Principal Erosion	Principal at Medium Risk

NIT - SOCIAL IMPACT FUND

FUND MANAGER REPORT

2022-2023

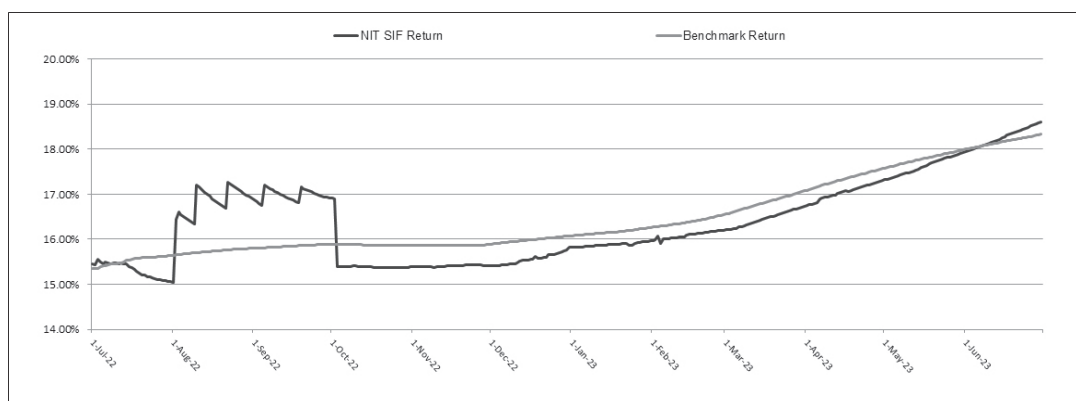
Fund's Performance at a Glance

	2022-23	*2021-22
Beginning Net Assets (Rs. in Million)	735	241
Beginning NAV Per Unit (Ex-Dividend) (Rs.)	10.0061	10.0000
Ending Net Assets (Rs. in Million)	1,007	735
Ending NAV Per Unit (Rs.)	10.1261	10.1676
Net Income (Rs. in Million)	171	14
Distribution Per Unit (Rs.)	1.7248	0.1615
Income Distribution (% of Net Income)	93.72%	96.84%
Annualized Return (%)	18.60%	14.93%
Benchmark Return (%)	18.33%	15.22%
Weighted Average Time to Maturity (Days)	56	1

*Launched on 16th May, 2022

Comparison of Fund's return against benchmark

The graph below depicts the comparison of the Fund's return against its benchmark.



Investment Strategy

During FY23 NIT Social Impact Fund yielded a return of 18.60% p.a. as compared to the benchmark return of 18.33% p.a. The Fund size as on June 30, 2023 was Rs. 1,007 million.

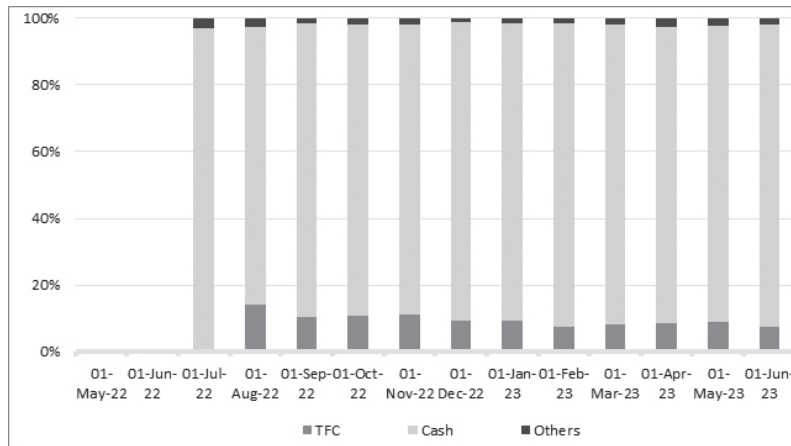
NIT - SOCIAL IMPACT FUND

FUND MANAGER REPORT

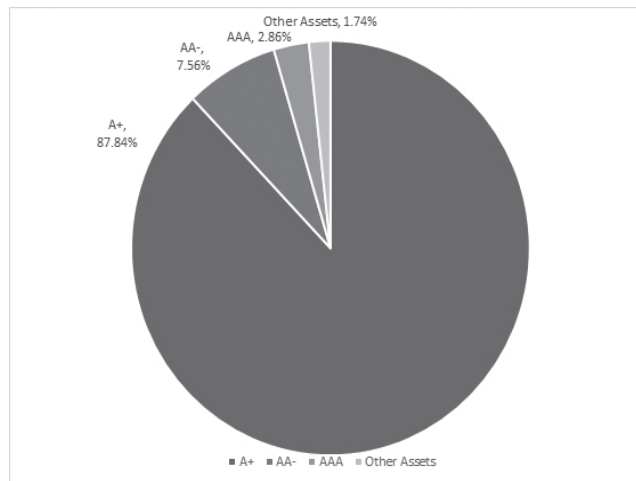
2022-2023

Asset Allocation during FY23

Asset allocation of NIT Social Impact Fund at the period ended June 30, 2023 had an exposure of about 8% in TFCs, 91% in the form of Cash and the remaining was in the form of other assets. As of June 30, 2023 the weighted average time to maturity of the fund was around 56 days



Credit quality of the portfolio reveals that the fund is invested around 87.84% of its total assets in A+ rated bank/security, around 7.56% in AA-, around 2.86% in AAA and the remaining exposure was in un-rated securities (accruals/receivables).



Dividend Declaration by the Fund for FY23

During FY23, the Fund earned a net income of Rs. 171 million. For NIT SIF, NIT declared a per unit interim distribution of Rs. 1.7248 for the period ended 30 June, 2023.

Pattern of unit holders

Category	NIT-SIF Unit Holders	% of Holding
Institutional Investors	70	70.00%
Individual	30	30.00%
TOTAL	100	100%

NIT - SOCIAL IMPACT FUND

FUND MANAGER REPORT

2022-2023

Total Expense Ratio

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) is 1.60% per annum. Total expense ratio (excluding government levies) is 1.41% per annum.

Money Market Review

The Monetary Policy Committee, over the fiscal year increased policy rates by 8.25%. The SBP Policy Rate now stands at 22% increasing from 13.75%. The actions taken over the year by the Monetary Policy Committee was to keep real interest rate firmly in the positive territory on a forward-looking basis. The elevated rise in Consumer Price Index, which increased sharply and stood at 29.18% for FY23 as compared to 12.15% over the previous year caused the State Bank to keep Policy Rates under check and to support in bringing down inflation. The completion of the ongoing IMF program has increased the upside risks to the inflation outlook as certain upward revisions in taxes, duties and PDL rate have been approved. The Policy Rate increase have dampened demand and it is expected to persist through the next year however adhering to the target will provide stability to the economy from external shocks and ensure macroeconomic stability in FY24. SBP does target medium term inflation to be around 5% - 7% by the end of FY25. Towards the close of the fiscal year secondary market yields, benchmark rates and cut-off rates in the Primary auctions rose, with particular interest on instruments with shorter maturity. The country saw its reserves stand at US\$ 9 billion a significant decline as compared with US\$ 15 billion in the previous year.

During FY23, SBP conducted a total of 27 T-bill auctions (two auctions per month, with the exception of 3 auctions in November 2022, January 2023 and May 2023). Treasury Bills auction cut off held in Jun-23 for the 3M, 6M and 12M tenors increased to 21.9999% p.a., 21.9735% p.a. and 21.9996% p.a. from 15.2300% p.a., 14.8001% p.a. and 14.9499% respectively held in June-22. The cut-off yield on the 3 years PIB closed at 19.35% p.a., whereas 5 years and 10 years were rejected marking an increase in 3 year PIB from the previous year's closing rate of 13.97% p.a., while the closing rates of 5 years and 10 years PIB stood at 13.18% and 13.15% respectively. Further, at the end of FY23 the 6-month KIBOR (average) increased by 762bps to 22.97% as compared to last year ending at 15.35%.

Economic Review

Over the past year, Pakistan's economy went through a major economic crisis. The crisis stemmed from the start of the Russia-Ukraine war in February 2022 after which the international commodities prices sharply moved up and coupled with unsustainable global debt levels a number of developing country economies were in complete tail spin. Pakistan was no exception being a net importing country dependent for key essentials like oil, widening deficits of both the current and fiscal account was imminent as the local currency went into free fall and foreign reserves eroded. Hence, to contain the widening Current Account Deficit, the Government had to impose major import restrictions. Through the timely administrative measures adopted by the Government, Pakistan managed to circumnavigate the most difficult economic situation in the Country's history, averting a sovereign default and securing a nine-month Standby Arrangement of US\$3bn with the IMF.

The severe macroeconomic imbalances, flood damages, domestic supply shocks, and international economic slowdown have dampened the economic growth to just 0.3 % in FY2023. In FY2023, Pakistan's GDP grew by 0.3 %, with 1.5 % growth in agriculture, -2.9 % in industrial sector, and 0.9 % in services sector.

Pakistan faced a heavy monsoon spell in July-August 2022 which damaged two main sub-sectors, i.e., crops and livestock. Moreover, the damage in the agriculture sector had a spillover effect on the industry and allied services sectors. The output of Kharif crops of cotton and rice decreased by 41.0% and 21.5% respectively due to floods. Cotton was also affected by a rise in temperature in beginning of the season, shortage of irrigation water and pest attacks. Sugarcane being water resistant crop remained mostly unaffected by floods and posted a growth of 2.8%. Moreover, output of Rabi crops of wheat and maize registered growth of 5.4% and 6.9%, respectively. Value added in other subsectors of agriculture increased with growth livestock 3.8%, forestry 3.9% and fishing 1.4%.

During 2022-23, the flood-induced supply shock severely affected industry and services sectors besides damaging critical transportation infrastructure. Large scale manufacturing (LSM) which accounts for about 50% of industrial sector acted as a drag on the overall growth of industrial sector. Only four manufacturing groups (wearing apparel, leather products, furniture and footwear) registered positive growth while contraction of the remaining groups including food, beverages, fertilizers, pharmaceuticals, textile and automobiles, etc. contributed to the decline in LSM index. Mining and quarrying subsector also witnessed a contraction of 4.4%. Value added in small & household manufacturing, slaughtering and electricity generation & gas distribution grew by 9%, 6.3% and 6%, respectively. On the other hand, construction sector registered a decline of 5.5% which may be attributed to increase in prices of construction material.

NIT - SOCIAL IMPACT FUND

FUND MANAGER REPORT

2022-2023

The performance of services sector posted a marginal growth of 0.9% with major contributions from education 10.4%, human health & social work activities 8.5%, information & communication 6.9% and other private services 5%. Wholesale & retail trade with major share in services sector posted a contraction 4.5% due to subdued economic activity and high inflation.

Average inflation was recorded at 29.18% during FY 2023 as compared to 12.15% in the comparable period of last year. It was mainly contributed by food inflation which remained higher at 40.8% compared to 24% during the same period of last year whereas, non-food inflation rose up to 18.7% during FY23 compared to 17.3% during the same period of last year. The main reasons for high inflation are supply-chain disruptions caused by catastrophic floods, higher input prices, spike in global commodity prices, restraint on imports caused by balance of payments adjustments, and second-round impact of massive currency depreciation.

During FY23, the SBP increased the policy rate from 13.75% to 22% to anchor inflation expectations and achieve the objective of price stability to support sustainable growth in the future. It was decided in view of the strong and persistent inflationary pressures as assessed by Monetary Policy Committee (MPC). Further, a rise in cost-push inflation stemming from persistent global and domestic supply shocks necessitated a tight monetary policy response to curb inflation.

The current account deficit has significantly narrowed down during FY23 but still posing considerable challenges. Pakistan's current account deficit fell by 86% during the FY23 owing to lower import bills of goods & services.

The performance on exports front witnessed decline of 11% and stood at US\$ 35.2 billion during FY23 compared to US\$ 32,493 million in the same period last year. The decline in exports was driven by both declining trend in export volumes and unit values. The decline in exports is mainly occurred due to the inadequate performance of textiles and food group. The decline was owed to the weak global demand and lackluster performance in the domestic economy. Further, the demand curtailing measures taken by the government has also affected exports performance.

The total imports during FY2023 amounted at US\$ 60, declined by 29 %, reflecting the impact of policy tightening and other administrative measures.

The average Remittances in this fiscal year dropped by nearly 14% in comparison of FY22. Workers in KSA contributed the largest amount of remittance, worth US\$ 7.75 billion during FY23. The second largest remittance receipts were from UAE, at US\$ 5.85 billion during FY23. Overseas Pakistanis in UK and US were the third and fourth largest contributors, with US\$ 4.49 billion and US\$ 3.08 billion respectively during the reporting period of FY23.

SBP's foreign exchange reserves declined substantially to US \$ 4.47 billion by FY 2023, due to persistent pressures on external account. On the other hand, commercial banks' reserves stood at 4,715 at FY2023.

Deteriorating external account position, along with broad-based strengthening of USD against other currencies, resulted in the Pak Rupee losing significant ground against the USD, closing at 285.99/USD on last working day of FY23.

Net Foreign direct investment remained at US \$ 1,548.6 million as against US\$ 1,935 million as against last fiscal year. FDI outflows stood at US\$ 827.7 million while inflows recorded US\$ 2,376.3 million during FY23. Similarly, Portfolio investment also does not depict rosy picture and net portfolio investment remained negative of US\$ 1,026 million in FY 23 as compared to negative of US\$ 78 million during same period of last year.

The government is committed to put the economy on a stable path by focusing on exports and investment. To achieve these targets, the government is focusing on the growth in exports with a focus on increasing agriculture, IT, and industrial exports improving the ease of doing business to attract both domestic and foreign investors in order to build a structure of highly inclusive and sustainable economic growth.

(Economic data source: Economic Survey of Pakistan, FBS & SBP Website)

Other Disclosures under NBFC Regulations 2008:

The Fund Manager hereby makes the following disclosures as required under the NBFC Regulations 2008;

- The Management Company or any of its delegates did not receive any soft commission (goods & services) from any of its brokers / dealers by virtue of transactions conducted by the Fund.
- There was no unit split undertaken during the year.

TRUSTEE REPORT

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 NIT Social Impact Fund (the Fund) are of the opinion that National Investment Trust Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2023 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
- (iii) 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.

Sd/-

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 28, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE UNIT HOLDERS OF NIT SOCIAL IMPACT FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of NIT - Social Impact Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2023, 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	Net Asset Value (NAV) (Refer notes 4 and 5 to the financial statements)	
	<p>The investments and the balances with banks constitute the most significant component of the net asset value (NAV). The investments of the Fund as at June 30, 2023 amounted to Rs 76.742 million and balances with banks aggregated to Rs. 920.689 million.</p> <p>The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2023 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Tested the design and operating effectiveness of the key controls for valuation of investments;• Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2023 and traced balances in this confirmations with the books and records of the Fund. Where such confirmation was 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.

INDEPENDENT AUDITORS' REPORT

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 the 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.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirement

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 **Shahbaz Akbar**.

Sd/-

AF Ferguson & Co.

Chartered Accountants

Karachi

Dated: September 30, 2023

UDIN: AR202310068B6NrpSAz9

NIT - SOCIAL IMPACT FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2023

	Note	2023	2022
------(Rupees in '000)-----			
Assets			
Balances with banks	4	920,689	726,240
Investments	5	76,742	-
Profit receivable	6	17,073	10,470
Preliminary expenses and floatation costs	7	498	627
Security deposit with Central Depository Company of Pakistan Limited - Trustee	8	100	100
Total assets		<u>1,015,102</u>	<u>737,437</u>
Liabilities			
Payable to National Investment Trust Limited - Management Company	9	1,907	1,625
Payable to Central Depository Company of Pakistan Limited - Trustee	10	69	52
Payable to the Securities and Exchange Commission of Pakistan	11	201	19
Payable against redemption of units		3,565	-
Accrued expenses and other liabilities	12	2,327	522
Total liabilities		<u>8,069</u>	<u>2,218</u>
Net assets		<u>1,007,033</u>	<u>735,219</u>
Unit holders' fund (as per statement attached)		<u>1,007,033</u>	<u>735,219</u>
Contingencies and commitments	13		
Number of units			
Number of units in issue	14	<u>99,449,122</u>	<u>72,310,334</u>
Rupees			
Net asset value per unit		<u>10.1261</u>	<u>10.1676</u>

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

**For National Investment Trust Limited
(Management Company)**

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chief Financial Officer

NIT - SOCIAL IMPACT FUND
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

Note	For the year ended June 30, 2023	For the period from May 16, 2022 to June 30, 2022
------(Rupees in '000)-----		
Income		
Income from government securities	1,596	-
Income from term finance certificates	17,032	-
Profit on bank balances	168,275	15,703
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.3 706	-
Total income	187,609	15,703
Expenses		
Remuneration of National Investment Trust Limited - Management Company	9.1 12,548	1,161
Sindh Sales Tax on remuneration of the Management Company	9.2 1,631	151
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1 755	70
Sindh Sales Tax on remuneration of the Trustee	10.2 98	9
Annual fee to the Securities and Exchange Commission of Pakistan	11 201	19
Amortisation of preliminary expenses and floatation costs	7.1 129	16
Central depository charges	8	5
Auditors' remuneration	15 421	292
Rating fee	249	164
Annual listing fee	-	9
Settlement and bank charges	68	40
Printing charges	-	13
Legal and professional charges	39	36
Total expenses	16,147	1,985
Net income for the year / period before taxation	171,462	13,718
Taxation	16 -	-
Net income for the year / period after taxation	171,462	13,718
Earnings per unit	17	
Allocation of net income for the year / period after taxation		
Net income for the year / period after taxation	171,462	13,718
Income already paid on units redeemed	(44,892)	(268)
	126,570	13,450
Accounting income available for distribution		
-Relating to capital gains	706	-
-Excluding capital gains	125,864	13,450
	126,570	13,450

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

**For National Investment Trust Limited
(Management Company)**

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chief Financial Officer

NIT - SOCIAL IMPACT FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

For the year ended June 30, 2023	For the period from May 16, 2022 to June 30, 2022
------(Rupees in '000)-----	
171,462	13,718
-	-
<u>171,462</u>	<u>13,718</u>

Net income for the year / period after taxation

Other comprehensive income for the year / period

Total comprehensive income for the year / period

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

**For National Investment Trust Limited
(Management Company)**

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chief Financial Officer

NIT - SOCIAL IMPACT FUND

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED 30 JUNE 2023

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Rupees in '000						
Net assets at the beginning of the Year	723,219	12,000	735,219	-	-	-
Issuance of 174,368,032 units (2022: 76,505,109 units)						
Capital value	1,744,744	-	1,744,744	765,051	-	765,051
Element of income	125,001	-	125,001	343	-	343
Total proceeds on issuance of units	1,869,745	-	1,869,745	765,394	-	765,394
Issuance of 1,129,303 units in lieu of refund of capital (2022: 1,987)	11,319	-	11,319	20	-	20
Redemption of 159,788,346 units (2022: 4,326,167 units)						
Capital value	(1,598,858)	-	(1,598,858)	(43,262)	-	(43,262)
Element of loss	(112,814)	(44,892)	(157,706)	(207)	(268)	(475)
Total payment on redemption of units	(1,711,672)	(44,892)	(1,756,564)	(43,469)	(268)	(43,737)
Total comprehensive income for the year / period	-	171,462	171,462	-	13,718	13,718
Issuance of 11,429,799 units under CIP (2022: 129,405 units)	114,548	-	114,548	1,294	-	1,294
Interim distribution for the year ended June 30,2023 (Date: June 15, 2023 @ Re. 1.7248 per unit)	-	(115,810)	(115,810)	-	-	-
Final distribution for the year ended June 30,2022 (Date: July 5, 2022 @ Re. 0.1615 per unit)	-	(11,567)	(11,567)	-	-	-
Interim distribution for the year ended June 30,2022 (Date: May 18, 2022 @ Re. 0.0202 per unit)	-	-	-	-	(1,450)	(1,450)
Refund of capital	(11,319)	-	(11,319)	(20)	-	(20)
Net assets at end of the year / period	995,840	11,193	1,007,033	723,219	12,000	735,219
	(Rupees in '000)			(Rupees in '000)		
Undistributed income brought forward						
- Realised income		12,000			-	
- Unrealised income		-			-	
		<u>12,000</u>			<u>-</u>	
Accounting income available for distribution:						
Relating to capital gains		706			-	
Excluding capital gains		<u>125,864</u>			<u>13,450</u>	
		126,570			13,450	
Interim distribution for the year ended June 30,2023 (Date: June 15, 2023 @ Re. 1.7248 per unit)		(115,810)			-	
Final distribution for the year ended June 30,2022 (Date: July 5, 2022 @ Re. 0.1615 per unit)		(11,567)			-	
Interim distribution for the year ended June 30,2022 (Date: May 18, 2022 @ Re. 0.0202 per unit)		-			(1,450)	
Undistributed income carried forward		<u>11,193</u>			<u>12,000</u>	

NIT - SOCIAL IMPACT FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2023

2023			2022		
Capital value	Undistributed income	Total	Capital value	Undistributed income	Total

Rupees in '000

Undistributed income carried forward

- Realised income
- Unrealised income

10,487

12,000

706

-

11,193

12,000

(Rupees)

(Rupees)

Net asset value per unit at beginning of the year

10.1676

-

Net asset value per unit at end of the year

10.1261

10.1676

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

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chief Financial Officer

NIT - SOCIAL IMPACT FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

Note	For the year ended June 30, 2023	For the period from May 16, 2022 to June 30, 2022
------(Rupees in '000)-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year / period before taxation	171,462	13,718
Adjustment for:		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	706	-
Amortisation of preliminary expenses and floatation costs	129	16
	<u>172,297</u>	<u>13,734</u>
(Increase) / decrease in assets		
Profit receivable	(6,603)	(10,470)
Investments	(77,448)	-
Preliminary expenses and floatation costs	-	(643)
Security deposit with Central Depository Company of Pakistan Limited - Trustee	-	(100)
	<u>(84,051)</u>	<u>(11,213)</u>
Increase in liabilities		
Payable to National Investment Trust Limited - Management Company	282	1,625
Payable to Central Depository Company of Pakistan Limited - Trustee	17	52
Payable to Securities and Exchange Commission of Pakistan	182	19
Accrued expenses and other liabilities	1,805	522
	<u>2,286</u>	<u>2,218</u>
Net cash generated from operating activities	<u>90,532</u>	<u>4,739</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	1,984,293	766,688
Payments on redemption of units	(1,752,999)	(43,737)
Distribution paid	(127,377)	(1,450)
Net cash generated from financing activities	<u>103,917</u>	<u>721,501</u>
Net increase in cash and cash equivalents during the year / period	<u>194,449</u>	<u>726,240</u>
Cash and cash equivalents at beginning of the year	726,240	-
Cash and cash equivalents at end of the year	<u>920,689</u>	<u>726,240</u>

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

For National Investment Trust Limited
(Management Company)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Director

Sd/-
Chief Financial Officer

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NIT - Social Impact Fund was established under a Trust Deed executed between National Investment Trust Limited (the Management Company) and Central Depository Company of Pakistan Limited as the Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter no. SCD/AMCW/NITL/241/2021 dated May 24, 2021 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was registered under the Sindh Trusts Act, 2020 on August 16, 2022. The Fund is categorised as an Income Scheme as per the criteria for categorisation of open-end collective investment schemes as specified by SECP. The units of the Fund were initially issued at Rs. 10 per unit.
- 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 SECP. The registered office of the Management Company is situated at 6th floor, National Bank of Pakistan Building, I.I. Chundrigar Road, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund was launched on 16 May, 2022 through initial public offering (IPO).
- 1.4 The Fund is an open-ended mutual fund. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5 The Management Company has been assigned a quality rating of "AM1" with 'stable outlook' (2022: AM1) by VIS Credit Rating Company Limited (VIS) on December 29, 2022 and Pakistan Credit Rating Agency Limited (PACRA) has also assigned an asset manager rating of "AM1" with 'stable outlook' (2022: "AM1") on May 24, 2023. Furthermore, VIS has assigned initial stability rating of "A+(f)" to the Fund on December 30, 2022.
- 1.6 The objective of NIT Social Impact Fund is to channelise funds of investors to leverage the strength of rated asset pool of microfinance sector for maximum of financial returns and to catalyse financially sustainable social initiatives.
- 1.7 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) 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 the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements 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 judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.3 and 5).

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 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.

3.3 Financial assets

3.3.1 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 and loss' (FVPL). Financial assets carried 'at fair value through profit and loss' (FVPL) are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.3.2 Classification and subsequent measurement

Debt instruments

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

- at amortised cost
- at fair value through other comprehensive income (FVOCI)

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

- at fair value through profit or loss (FVPL), based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised 'at FVPL'.

3.3.3 Impairment

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 'at FVOCI'. The Fund recognises a loss allowance 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 forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

3.3.3.1 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 management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

3.3.4 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.

3.3.5 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.

3.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

3.4 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.

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

3.5 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.

3.6 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.

3.7 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.

3.8 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 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 applications during business hours of that day. The redemption price is equal to 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.

3.9 Distributions to unit holders

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

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.10 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 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 is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in income statement and are recognised when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets at fair value through profit or loss are included in the Income Statement in the period in which they arise.
- Profit on bank balances, income on sukuk certificates, term deposit receipts, commercial paper and government securities is recognised on a time proportionate basis using the effective yield method.

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

3.12 Expenses

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

3.13 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 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

3.14 Earnings / (loss) per unit

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

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

3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in 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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2023	2022
		----- (Rupees in '000) -----	
4 BALANCES WITH BANKS			
In savings accounts	4.1	920,689	726,240
		<u>920,689</u>	<u>726,240</u>
4.1	The balances in savings accounts carry profit rates ranging from 5.50% to 22.90% per annum (June 30, 2022: 5.50% to 17.50% per annum).		
5 INVESTMENTS			
Financial asset 'at fair value through profit or loss'			
Term finance certificates - unlisted	5.1	76,742	-
		<u>76,742</u>	<u>-</u>

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5.1 Term finance certificates - unlisted

Name of the investee companies	Number of certificates				As at June 30, 2023			Market value as a percentage of	
	As at 1 July 2022	Purchased during the period	Disposed / matured during	As at June 30, 2023	Carrying value	Market value	Unrealised Appreciation	Net assets	Total investments
U Microfinance Bank Limited (June 23, 2021)	-	1,150	-	1,150	76,036	76,742	706	7.62	100
Total as at June 30 2023					<u>76,036</u>	<u>76,742</u>	<u>706</u>		
Total as at June 30, 2022					<u>-</u>	<u>-</u>	<u>-</u>		

5.1.1 This carries purchase yield of 19.95 % per annum. This will mature on June 23, 2025.

5.2 Market Treasury Bills - financial assets 'at fair value through profit or loss'

Issue date	Tenure	Face value				Balance as at June 30, 2023		Market value as a percentage of	
		As at July 1, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023	Carrying value	Market value	net assets	total investments
April 28, 2022	3 Months	-	975,000	975,000	-	-	-	-	-
Total as at June 30, 2023		<u>-</u>	<u>975,000</u>	<u>975,000</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Total as at June 30, 2022		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		

5.3 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

Note	2023	2022
	----- (Rupees in '000) -----	
Market value of investments	76,742	-
Less: carrying value of investments	(76,036)	-
	<u>706</u>	<u>-</u>

6 PROFIT RECEIVABLE

Profit receivable on bank deposits	16,678	10,470
Profit receivable on term finance certificate	395	-
	<u>17,073</u>	<u>10,470</u>

7 PRELIMINARY EXPENSES AND FLOATATION COSTS

At the beginning of the year / period		627	-
Preliminary and flotation cost incurred		-	643
Less: amortisation for the year / period	7.1	129	16
At the end of the year / period		<u>498</u>	<u>627</u>

7.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These are being amortised over five years commencing from the end of the initial offering period in accordance with the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

NIT - SOCIAL IMPACT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		------(Rupees in '000)-----	
8 SECURITY DEPOSITS			
Deposits with:			
-Central Depository Company of Pakistan Limited - Trustee		100	100
		<u>100</u>	<u>100</u>
9 PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	9.1	1,012	761
Sindh Sales Tax payable on the Management remuneration	9.2	131	99
Preliminary expenses and flotation cost payable		643	643
Other payable		121	122
		<u>1,907</u>	<u>1,625</u>
9.1	The Management Company has charged its remuneration at the rate of 10% of the gross earnings of the Fund, calculated on a daily basis, subject to the minimum of 0.50% and maximum of 1.25% of the daily average net assets of the Fund. The remuneration is payable to the Management Company monthly in arrears.		
9.2	During the period, an amount of Rs. 1.63 million (2022: Rs. 0.15 million) was charged on account of sales tax on management remuneration levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 1.60 million (2022: Rs. 0.05 million) has been paid to the Management Company which acts as a collecting agent.		
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2023	2022
		------(Rupees in '000)-----	
Trustee remuneration payable		61	46
Sindh Sales Tax payable on the Trustee remuneration		8	6
		<u>69</u>	<u>52</u>
10.1	The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. Accordingly, the Fund has charged Trustee remuneration at the rate of 0.075% (2022: 0.075%) per annum of net assets during the current period and an amount of Rs. 0.76 million (2022: Rs. 0.07 million) has been recorded in the Income Statement.		
10.2	During the period, an amount of Rs. 0.10 million (2022: Rs. 0.01 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.08 million (2022: Rs. 0.003 million) was paid to the Trustee which acts as a collecting agent.		
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% of the daily average net assets of the Fund.			
12 ACCRUED EXPENSES AND OTHER LIABILITIES		2023	2022
		------(Rupees in '000)-----	
Capital gain tax payable		1,747	27
Auditors' remuneration payable		319	292
Legal and professional charges payable		-	17
Printing charges payable		4	13
Rating fee payable		249	164
Listing fee payable		8	9
		<u>2,327</u>	<u>522</u>
13 CONTINGENCIES AND COMMITMENTS			

There were no contingencies and commitments outstanding as at June 30, 2023.

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

14	NUMBER OF UNITS IN ISSUE	2023	2022
		----- Number of Units -----	
	Total units in issue at the beginning of the year	72,310,334	-
	Add: Units issued	174,368,032	76,505,109
	Add: Units issued under Cumulative Investment Plan	11,429,799	129,405
	Add: Units issued in lieu of refund of capital	1,129,303	1,987
	Less: Units redeemed	(159,788,346)	(4,326,167)
	Total units in issue at the end of the year	<u>99,449,122</u>	<u>72,310,334</u>

15	AUDITORS' REMUNERATION	2023	2022
		----- (Rupees in '000) -----	
	Annual audit fee	230	200
	Half yearly review	86	-
	Income certification	50	50
	Out of pocket expenses including government levy	55	42
		<u>421</u>	<u>292</u>

16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the 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 ,2023 , no provision for taxation has been made in these financial statements during the period.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per Section 4B of the Income Tax Ordinance, 2001.

17 EARNINGS PER UNIT

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

18	RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES	Receivable against sale of units	Payable against redemption of units	Dividend payable	Total
		----- (Rupees in '000) -----			
	Opening balance as at July 01, 2022	-	-	-	-
	Receivable against issuance of units	(1,984,293)	-	-	(1,984,293)
	Payable against redemption of units	-	1,756,564	-	1,756,564
	Payable against dividends	-	-	127,377	127,377
		<u>(1,984,293)</u>	<u>1,756,564</u>	<u>127,377</u>	<u>(100,352)</u>
	Amount received on issuance of units	1,984,293	-	-	1,984,293
	Amount paid on redemption of units	-	(1,752,999)	-	(1,752,999)
	Dividend paid	-	-	(127,377)	(127,377)
		<u>1,984,293</u>	<u>(1,752,999)</u>	<u>(127,377)</u>	<u>103,917</u>
	Closing balance as at June 30, 2023	<u>-</u>	<u>3,565</u>	<u>-</u>	<u>3,565</u>

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

19 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period June 30, 2023 is 1.60% which includes 0.19% representing government levies on the Fund such as provision for, sales taxes, federal excise duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.50% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

20 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

20.1 Connected persons include National Investment Trust Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members and key management personnel of the Management Company.

20.2 Transactions with connected persons are executed essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering Document, Trust Deed and NBFC Regulations which are publicly available documents.

20.3 Remuneration to the Management Company of the Fund are determined in accordance with the provisions of the NBFC Regulations.

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

20.5 The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year / period end are as follows:

Transactions during the period	2023	2022
	------(Rupees in '000)-----	
National Investment Trust Limited - Management Company		
Issuance of Nil (2022: 20,000,000) units	-	200,000
Issuance of 3,245,363 under CIP (2022: 34,340) units	32,525	343
Remuneration to the Management Company	12,548	1,161
Sindh Sales Tax on the Management remuneration	1,631	151
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee	755	70
Sindh Sales Tax on the Trustee remuneration	98	9
Pakistan Microfinance Investment Company Limited		
Issuance of Nil (2022: 20,000,000) units	-	200,000
Issuance of 1,974,693 under CIP (2022: 34,340) units	19,789	343
Redemption of 8,687,493 (2022: Nil) units	100,000	-
National Bank of Pakistan		
Issuance of Nil (2022: 20,000,000) units	-	200,000
Issuance of 3,827,578 under CIP (2022: 40,400) units	38,360	404
Key Management Personnel		
Issuance 29,569 units (2022: Nil)	332,783	-
Redemption 29,569 units (2022: Nil)	333,994	-
Amounts outstanding as at period end		
National Investment Trust Limited - Management Company		
Units held 23,279,703 (2022: 20,034,340)	235,733	203,701
Management remuneration payable	1,012	761
Sindh Sales Tax payable on the Management remuneration	131	99
Preliminary expenses and flotation cost payable	643	643
Other payable	121	122

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
		------(Rupees in '000)-----	
Central Depository Company of Pakistan Limited - Trustee			
Trustee remuneration payable		61	46
Sindh Sales Tax payable on the Trustee remuneration		8	6
Security deposit		100	100
Pakistan Microfinance Investment Company Limited			
Units held 13,321,540 (2022: 20,034,340)		134,895	203,701
National Bank of Pakistan			
Units held 23,867,978 (2022: 20,040,400)		241,690	203,763
	Note	2023	2022
		------(Rupees in '000)-----	
21 CASH AND CASH EQUIVALENTS			
Balances with banks	4	920,689	726,240
		<u>920,689</u>	<u>726,240</u>

22 FINANCIAL INSTRUMENTS BY CATEGORY

2023			
At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
------(Rupees in '000)-----			
Financial assets			
Balances with banks	920,689	-	920,689
Investments	-	76,742	76,742
Profit receivable	17,073	-	17,073
Security deposit with Central Depository Company of Pakistan Limited - Trustee	100	-	100
	<u>937,862</u>	<u>76,742</u>	<u>1,014,604</u>

Financial liabilities

2023		
At amortised cost	At fair value through profit or loss	Total
------(Rupees in '000)-----		
Payable to National Investment Trust Limited - Management Company	1,907	1,907
Payable to Central Depository Company of Pakistan Limited - Trustee	69	69
Payable against redemption of units	3,565	3,565
Accrued expenses and other liabilities	580	580
	<u>6,121</u>	<u>6,121</u>

2022			
At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
------(Rupees in '000)-----			
Financial assets			
Balances with banks	726,240	-	726,240
Profit receivable	10,470	-	10,470
Security deposit with Central Depository Company of Pakistan Limited - Trustee	100	-	100
	<u>736,810</u>	<u>-</u>	<u>736,810</u>

NIT - SOCIAL IMPACT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2022		
	At amortised cost	At fair value through profit or loss	Total
Financial liabilities	----- (Rupees in '000) -----		
Payable to National Investment Trust Limited - Management Company	1,625	-	1,625
Payable to Central Depository Company of Pakistan Limited - Trustee	52	-	52
Accrued expenses and other liabilities	495	-	495
	<u>2,172</u>	<u>-</u>	<u>2,172</u>

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance. 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, the NBFC Regulations and the directives issued by 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 and are explained below:

23.1 Market risk

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

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

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

23.1.1 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. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

23.1.2 Yield / Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. 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. The interest rate profile of the Fund's interest bearing financial instruments as at June 30, 2023 is as follows:

	2023	2022
Variable rate instruments (financial assets)	----- (Rupees in '000) -----	
Balances with banks	920,689	726,240
Term finance certificates	76,742	-
	<u>997,431</u>	<u>726,240</u>

a) Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates on the last repricing date would have increased / decreased the net income for the period and the net assets of the Fund by Rs. 9.95 million (2022: Rs. 7.26 million). The analysis assumes that all other variables remain constant.

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio and the KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2023 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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 financial instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2023 can be determined as follows:

2023					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
%	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Balances with banks	5.50 - 17.25	920,689	-	-	920,689
Investments					
- Term Finance Certificate	19.95	-	76,742	-	76,742
Profit receivable		-	-	17,073	17,073
Security deposit with Central Depository Company of Pakistan Limited - Trustee		-	-	100	100
		920,689	76,742	17,173	1,014,604
Financial liabilities					
Payable to National Investment Trust Limited - Management Company		-	-	1,907	1,907
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	69	69
Payable against redemption of units		-	-	3,565	3,565
Accrued expenses and other liabilities		-	-	580	580
		-	-	6,121	6,121
On-balance sheet gap (a)		920,689	76,742	11,052	1,008,483
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		920,689	76,742	11,052	1,008,483
Cumulative interest rate sensitivity gap		920,689	997,431	997,431	

2022					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
%	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Balances with banks	13.90 - 17.50	726,240	-	-	726,240
Profit receivable		-	-	10,470	10,470
Security deposit with Central Depository Company of Pakistan Limited - Trustee		-	-	100	100
		726,240	-	10,570	736,810

NIT - SOCIAL IMPACT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2022					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

%

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

Financial liabilities

Payable to National Investment Trust Limited - Management Company
 Payable to Central Depository Company of Pakistan Limited - Trustee
 Accrued expenses and other liabilities

-	-	-	1,625	1,625
-	-	-	52	52
-	-	-	495	495
-	-	-	2,172	2,172
On-balance sheet gap (a)	726,240	-	-	8,398
Off-balance sheet financial instruments	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-
Total interest rate sensitivity gap (a+b)	726,240	-	-	8,398
Cumulative interest rate sensitivity gap	726,240	726,240	726,240	

23.1.3 Price risk

Price 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 (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at the reporting date, the Fund does not hold any financial instrument that may expose the Fund to price risk.

23.2 Credit risk

23.2.1 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 Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

The table below analyses the Fund's maximum exposure to credit risk:

	2023		2022	
	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)-----

Balances with banks	920,689	920,689	726,240	726,240
Investments	76,742	76,742	-	-
Profit receivable	17,073	17,073	10,470	10,470
Deposit with Central Depository Company of Pakistan Limited - Trustee	100	100	100	100
	1,014,604	1,014,604	736,810	736,810

23.2.2 Credit quality of Financial Assets

The Fund's credit risk is primarily attributable to its investment in balances with banks and profit receivable thereon. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

internal risk management policies and investment guidelines (approved by Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

The analysis below summarises the credit quality of the Fund's bank balances as at June 30, 2023 and June 30, 2022.

Name of the bank	Balance as at June 30, 2023	Rating agency	Published rating	Percentage of total bank balances
	------(Rupees in '000)-----			(%)
Bank Al Habib Limited	31,012	PACRA	AAA	3.37
Habib Bank Limited	334	VIS	AAA	0.04
Allied Bank Limited*	3	PACRA	AAA	-
Soneri Bank Limited*	12	PACRA	AA-	-
Khushhali Microfinance Bank Limited	117	VIS	A-	0.01
U Microfinance Bank Limited	739,213	PACRA	A+	80.29
HBL Microfinance Bank	150,000	PACRA	A+	16.29
	<u>920,689</u>			<u>100</u>

*Nil figure due to rounding off

Name of the bank	Balance as at June 30, 2022	Rating agency	Published rating	Percentage of total bank balances
	------(Rupees in '000)-----			(%)
Bank Al Habib Limited	4,629	PACRA	AAA	0.64
Soneri Bank Limited	328	PACRA	AA-	0.05
Khushhali Microfinance Bank Limited	221,283	VIS	A+	30.47
U Microfinance Bank Limited	500,000	VIS	A+	68.84
	<u>726,240</u>			<u>100</u>

Above ratings are based on available ratings assigned by PACRA and VIS as of June 30, 2023 and June 30, 2022.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 is the carrying amount of the financial assets.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

23.3 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 cash redemptions at the option of the 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 either in short term instruments or in investments that are traded in an active market and can be readily disposed of and are considered readily realisable in order to maintain liquidity.

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

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including balances with banks have been included in the maturity grouping of one month.

2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
------(Rupees in '000)-----						
Financial assets						
Balances with banks	920,689	-	-	-	-	920,689
Investments						
- Term Finance Certificate	-	-	76,742	-	-	76,742
Profit receivable	17,073	-	-	-	-	17,073
Security deposit with Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	100	100
	937,762	-	76,742	-	100	1,014,604
Financial liabilities						
Payable to National Investment Trust Limited - Management Company	1,907	-	-	-	-	1,907
Payable to Central Depository Company of Pakistan Limited - Trustee	69	-	-	-	-	69
Payable against redemption of units	3,565	-	-	-	-	3,565
Accrued expenses and other liabilities	261	319	-	-	-	580
	5,802	319	-	-	-	6,121
Net assets	931,960	(319)	76,742	-	100	1,008,483

2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
------(Rupees in '000)-----						
Financial assets						
Balances with banks	726,240	-	-	-	-	726,240
Profit receivable	10,470	-	-	-	-	10,470
Security deposit with Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	100	100
	736,710	-	-	-	100	736,810

NIT - SOCIAL IMPACT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

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

Financial liabilities

Payable to National Investment Trust Limited - Management Company	1,625	-	-	-	-	-	1,625
Payable to Central Depository Company of Pakistan Limited - Trustee	52	-	-	-	-	-	52
Accrued expenses and other liabilities	203	292	-	-	-	-	495
	1,880	292	-	-	-	-	2,172
Net assets	734,830	(292)	-	-	-	100	734,638

24 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 on the statement of assets and liabilities 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); and

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

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

	2023			Total
	Level 1	Level 2	Level 3	
Financial assets measured 'at fair value through profit or loss'	------(Rupees in '000)-----			
Investment in:				
- Term Finance Certificates	-	76,742	-	76,742
	-	76,742	-	76,742

25 UNIT HOLDERS' FUND RISK MANAGEMENT

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

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the 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' Fund 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 23, 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.

26 TRANSACTIONS WITH BROKERS / DEALERS

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

Particulars	Percentage
Alfalah Securities (Private) Limited	100
	<u>100</u>

27 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

S.No	Name	Designation	Qualification	Experience in years
1	Mr. Adnan Afridi	Managing Director	Economics & Corporate Law from Harvard University & Harvard Law School	28
2	Mr. Manzoor Ahmed	Chief Operating Officer	MBA, DAIBP and CFA Level-III	34
3	Mr. Shoaib Ahmed Khan	Head of Fixed Income	MBA / DAIBP	27
4	Mr. Aamir Amin	Head of Finance	FCA, CISA	25
5	Mr. Faisal Aslam	Head of Compliance	MBA (Finance), BBA (Hons), CIM-ADIMA (UK)	18
6	Mr. Ali Kamal	Head of Research	MBA, CFA Level-II	15
5	Mr. Khurram Aftab Ahmed*	Section Manager	MBA (Finance)	20
8	Mr. Salman H. Chawala	Manager - Risk Management	MBA, ACIS	21

* Mr. Khurram Aftab is the Fund Manager. He is also managing NIT - Islamic Money Market Fund.

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

28 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 357th, 358th, 359th, 360th, 361st and 362nd Board meetings were held on July 10, 2022, August 10, 2022, October 19, 2022, February 28, 2023, April 11, 2023 and June 15, 2023 respectively. Information in respect of attendance by the Directors in the meetings is given below:

S.No	Name of Directors	Number of meetings			Meetings not attended
		Held during tenor of directorship	Attended	Leave granted	
1	Mr. Jamal Nasim*	4	4	-	-
2	Mr. Mian Nusrat-Ud-Din	6	6	-	-
3	Mr. Iqbal Adamjee	6	6	-	-
4	Mr. Ahmad Aqeel	6	6	-	-
5	Mr. Amir Mohyuddin**	5	5	-	-
6	Mr. Aftab Ahmad Khan***	6	5	1	362nd meeting
7	Mr. Naeem Bashir Ahmad	6	6	-	-
8	Mr. Farooq Ahmed Khan	6	3	3	357th, 359th and 360th meeting
9	Mr. Farmanullah Zarkoon	6	5	1	358th meeting
10	Ms. Asma Shaikh****	4	2	2	360th and 361st meeting
11	Mr. Syed Irfan Ali*****	1	-	1	362nd meeting
12	Mr. Karim Akram Khan*****	-	-	-	-
13	Mr. Amjad Mahmood*****	1	1	-	-
14	Mr. Omair Safdar*****	-	-	-	-

** Mr. Amir Mohyuddin has resigned from the Board during the year on May 12, 2023

*** Mr. Aftab Ahmad Khan has resigned from the Board during the year on June 22, 2023

**** Ms. Asma Shaikh has resigned from the Board during the year on March 23, 2023

***** Mr. Syed Irfan Ali has joined the Board during the year on May 30, 2023

***** Mr. Karim Akram Khan has joined the Board during the year on June 23, 2023

***** Mr. Amjad Mahmood has joined the Board during the year on May 12, 2023

***** Mr. Omair Safdar has joined the Board during the year on June 23, 2023

29 PATTERN OF UNIT HOLDING

Particulars	2023		
	Number of unit holders	Investment amount	Percentage of total investment
		(Rupees in '000)	(%)
Individuals	220	299,850	29.78
Banks / Development Financial Institutions	2	320,239	31.80
NBFC	1	235,733	23.41
Others	2	151,211	15.02
	<u>225</u>	<u>1,007,033</u>	<u>100</u>

Particulars	2022		
	Number of unit holders	Investment amount	Percentage of total investment
		(Rupees in '000)	(%)
Individuals	84	53,391	7.26
Banks / Development Financial Institutions	2	269,985	36.72
NBFC	1	203,700	27.71
Others	2	208,143	28.31
	<u>89</u>	<u>735,219</u>	<u>100</u>

NIT - SOCIAL IMPACT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 27, 2023 by the Board of Directors of the Management Company.

31 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

**For National Investment Trust Limited
(Management Company)**

**Sd/-
Managing Director**

**Sd/-
Director**

**Sd/-
Director**

**Sd/-
Chief Financial Officer**