

NIT – SOCIAL IMPACT FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



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, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the 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	Net Asset Value (NAV) (Refer notes 4 and 5 to the financial statements)	
	Balances with banks and investments constitute the most significant component of the net asset value. Balances with banks of the Fund as at June 30, 2024 amounted to Rs 1,210.707 million and investments aggregated to Rs 442.346 million. The existence of balances with banks and 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.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks 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; andObtained bank reconciliation statements and tested reconciling items on a sample basis.

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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 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.

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.

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A.F.FERGUSON & Co.

- 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 **Shahbaz Akbar**.

A handwritten signature in blue ink that reads 'A.F. Ferguson & Co.' in a cursive script.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 20, 2024

Karachi

UDIN: AR2024100680nTOSXP47

NIT - SOCIAL IMPACT FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2024

	Note	2024	2023
----- (Rupees in '000) -----			
Assets			
Balances with banks	4	1,210,707	920,689
Investments	5	442,346	76,742
Deposits and other receivable	6	27,024	17,173
Preliminary expenses and floatation costs	7	369	498
Total assets		1,680,446	1,015,102
Liabilities			
Payable to National Investment Trust Limited - Management Company	8	2,448	1,907
Payable to Central Depository Company of Pakistan Limited - Trustee	9	101	69
Payable to the Securities and Exchange Commission of Pakistan	10	88	201
Payable against redemption of units		70	3,565
Accrued expenses and other liabilities	11	14,140	2,327
Dividend payable		1,311	-
Total liabilities		18,158	8,069
Net assets		1,662,288	1,007,033
Unit holders' fund (as per statement attached)		1,662,288	1,007,033
Contingencies and commitments	12		
		Number of units	
Number of units in issue	13	162,454,683	99,449,122
		Rupees	
Net asset value per unit		10.2323	10.1261

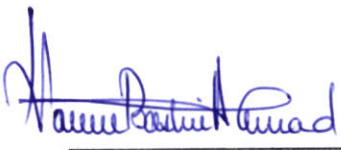
The annexed notes from 1 to 29 form an integral part of these financial statements.

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For National Investment Trust Limited
(Management Company)



Managing Director



Director



Director

**NIT - SOCIAL IMPACT FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024	2023
		------(Rupees in '000)-----	
Income			
Income from Pakistan Investment Bonds		1,862	-
Income from Market Treasury Bills		29,367	1,596
Income from term finance certificates		32,120	17,032
Profit on balances with banks		234,062	168,275
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.4	1,505	706
Total income		<u>298,916</u>	<u>187,609</u>
Expenses			
Remuneration of National Investment Trust Limited - Management Company	8.1	16,574	12,548
Sindh Sales Tax on remuneration of the Management Company	8.2	2,155	1,631
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,000	755
Sindh Sales Tax on remuneration of the Trustee	9.2	130	98
Fee to the Securities and Exchange Commission of Pakistan	10	999	201
Amortisation of preliminary expenses and floatation costs	7.1	129	129
Central depository charges		7	8
Auditors' remuneration	14	505	421
Rating fee		85	249
Settlement and bank charges		59	68
Printing charges		27	-
Legal and professional charges		43	39
Total expenses		<u>21,713</u>	<u>16,147</u>
Net income for the year before taxation		<u>277,203</u>	<u>171,462</u>
Taxation	15	-	-
Net income for the year		<u><u>277,203</u></u>	<u><u>171,462</u></u>
Earnings per unit	3.14		
Allocation of net income for the year after taxation			
Net income for the year after taxation		277,203	171,462
Income already paid on units redeemed		(112,074)	(44,892)
		<u>165,129</u>	<u>126,570</u>
Accounting income available for distribution			
-Relating to capital gains		1,505	706
-Excluding capital gains		163,624	125,864
		<u>165,129</u>	<u>126,570</u>

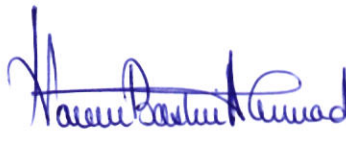
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**For National Investment Trust Limited
(Management Company)**



Managing Director



Director



Director

NIT - SOCIAL IMPACT FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	----- (Rupees in '000) -----	
Net income for the year after taxation	277,203	171,462
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>277,203</u></u>	<u><u>171,462</u></u>

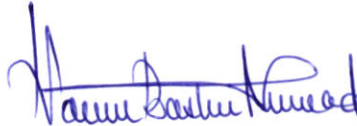
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For National Investment Trust Limited
(Management Company)



Managing Director



Director



Director

**NIT - SOCIAL IMPACT FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' 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	995,840	11,193	1,007,033	723,219	12,000	735,219
Issuance of 356,056,655 units (2023: 174,368,032 units)						
-Capital value (at net asset value per unit at beginning of the year)	3,605,465	-	3,605,465	1,744,744	-	1,744,744
-Element of income	393,668	-	393,668	125,001	-	125,001
Total proceeds on issuance of units	3,999,133	-	3,999,133	1,869,745	-	1,869,745
Issuance of 3,195,557 units in lieu of refund of capital (2023: 1,129,303 units)	32,411	-	32,411	11,319	-	11,319
Redemption of 309,880,799 units (2023: 159,788,346 units)						
-Capital value (at net asset value per unit at beginning of the year)	(3,137,884)	-	(3,137,884)	(1,598,858)	-	(1,598,858)
-Element of loss	(357,332)	(112,074)	(469,406)	(112,814)	(44,892)	(157,706)
Total payment on redemption of units	(3,495,216)	(112,074)	(3,607,290)	(1,711,672)	(44,892)	(1,756,564)
Total comprehensive income for the year	-	277,203	277,203	-	171,462	171,462
Issue of 13,634,148 units under CIP (2023: 11,429,799 units)	138,283	-	138,283	114,548	-	114,548
Interim distribution for the year ended 30 June 2024 (Date: June 14, 2024 @ Rs. 2.2179 per unit)	-	(152,074)	(152,074)	-	-	-
Interim distribution for the year ended 30 June 2023 (Date: June 15, 2023 @ Rs. 1.7248 per unit)	-	-	-	-	(115,810)	(115,810)
Final distribution for the year ended June 30, 2022 (Date: July 05, 2022 @ Rs. 0.1615 per unit)	-	-	-	-	(11,567)	(11,567)
Refund of capital	(32,411)	-	(32,411)	(11,319)	-	(11,319)
Net assets at the end of the year	<u>1,638,040</u>	<u>24,248</u>	<u>1,662,288</u>	<u>995,840</u>	<u>11,193</u>	<u>1,007,033</u>
	(Rupees in '000)			(Rupees in '000)		
Undistributed income brought forward						
- Realised income		10,487			12,000	
- Unrealised income		706			-	
		<u>11,193</u>			<u>12,000</u>	
Accounting income available for distribution:						
Relating to capital gains		1,505			706	
Excluding capital gains		163,624			125,864	
		<u>165,129</u>			<u>126,570</u>	
Interim distribution for the year ended 30 June 2024 (Date: June 14, 2024 @ Rs. 2.2179 per unit)		(152,074)			-	
Interim distribution for the year ended 30 June 2023 (Date: June 15, 2023 @ Rs. 1.7248 per unit)		-			(115,810)	
Final distribution for the year ended June 30, 2022 (Date: July 05, 2022 @ Rs. 0.1615 per unit)		-			(11,567)	
Undistributed income carried forward		<u>24,248</u>			<u>11,193</u>	
Undistributed income carried forward						
- Realised income		22,743			10,487	
- Unrealised income		1,505			706	
		<u>24,248</u>			<u>11,193</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at beginning of the year		<u>10.1261</u>			<u>10.1676</u>	
Net asset value per unit at end of the year		<u>10.2323</u>			<u>10.1261</u>	

The annexed notes from 1 to 29 form an integral part of these financial statements.

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


Managing Director


Director


Director

NIT - SOCIAL IMPACT FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Note	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year before taxation	277,203	171,462
Adjustment for:		
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.4 (1,505)	(706)
Amortisation of preliminary expenses and floatation costs	7.1 129	129
	<u>275,827</u>	<u>170,885</u>
Increase in assets		
Deposits and other receivable	(9,851)	(6,603)
Investments	(364,099)	(76,036)
	<u>(373,950)</u>	<u>(82,639)</u>
Increase / (decrease) in liabilities		
Payable to National Investment Trust Limited - Management Company	541	282
Payable to Central Depository Company of Pakistan Limited - Trustee	32	17
Payable to Securities and Exchange Commission of Pakistan	(113)	182
Accrued expenses and other liabilities	11,813	1,805
Payable against Investments	(3,495)	-
	<u>8,778</u>	<u>2,286</u>
Net cash (used in) / generated from operating activities	<u>(89,345)</u>	<u>90,532</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	4,137,416	1,984,293
Payments made against redemption of units	(3,607,290)	(1,752,999)
Distribution paid	(150,763)	(127,377)
Net cash generated from financing activities	<u>379,363</u>	<u>103,917</u>
Net increase in cash and cash equivalents during the year	<u>290,018</u>	<u>194,449</u>
Cash and cash equivalents at beginning of the year	920,689	726,240
Cash and cash equivalents at end of the year	4 <u><u>1,210,707</u></u>	<u><u>920,689</u></u>


The annexed notes from 1 to 29 form an integral part of these financial statements.

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For National Investment Trust Limited
(Management Company)



Managing Director



Director



Director

NIT - SOCIAL IMPACT FUND
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 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' (2023: AM1) by VIS Credit Rating Company Limited (VIS) on December 28, 2023 and Pakistan Credit Rating Agency Limited (PACRA) has also assigned an asset manager rating of "AM1" with 'stable outlook' (2023: "AM1") on May 24, 2024. VIS Credit Rating Company Limited has reaffirmed the Fund Stability Rating (FSR) of A+(f) (Single A Plus (f)) to NIT Social Impact Fund.
- 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 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 the requirements of the Trust Deed differ from the IFRS accounting standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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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, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and have therefore, not been disclosed in these financial statements except that 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.

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

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- 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 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- 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.

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 and valuation 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 MATERIAL ACCOUNTING POLICIES INFORMATION

3.1 The material 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.

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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) 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)
- 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 (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 'at FVOCI'. The Fund recognizes 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 Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they 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.

3.3.4 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.

3.3.5 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.

3.3.6 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.

3.4 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.

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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.

3.5 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 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 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

- Gain / (losses) arising on sale of investments are included in "Income Statement" and are recognised when the transaction takes place.
- Unrealised appreciation / (diminution) 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 balances with banks is recorded on accrual basis and income on term deposit receipts and government securities is recognised on a time proportionate basis using the effective yield method.

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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

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

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 / period, 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.

3.14 Earnings per unit

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

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

3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in 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.

	Note	2024 ------(Rupees in '000)-----	2023
4			
BALANCES WITH BANKS			
In savings accounts	4.1	<u>1,210,707</u>	<u>920,689</u>
		<u>1,210,707</u>	<u>920,689</u>
4.1	The balances in savings accounts carry profit rates ranging from 20.75% to 23% per annum (2023: 5.50% to 17.5% per annum).		
5			
INVESTMENTS			
Financial asset 'at fair value through profit or loss'			
Term finance certificates	5.1	170,216	76,742
Market Treasury Bills	5.2	175,550	-
Pakistan Investment Bonds	5.3	96,580	-
		<u>442,346</u>	<u>76,742</u>

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5.1 Term finance certificates

Name of the investee company	Interest payments / principal redemptions	Coupon rate	Issue date	Maturity date	Number of Certificates				As at June 30, 2024			Market Value as a Percentage of	
					As at July 1, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	carrying value	market value	unrealized appreciation	net assets	total investment
(Rupees in '000)													
U Microfinance Bank Limited (Rated AA-)	Semi-annually / Semi-annually	6 months KIBOR plus 1.35%	June 23, 2021	June 23, 2025	1,150	-	-	1,150	38,370	38,501	131	2.32%	8.70%
HBL Microfinance Bank Limited (Rated AA-)	Semi-annually / At maturity	6 months KIBOR plus 2%	December 22, 2023	December 22, 2033	-	500	-	500	50,000	50,000	-	3.01%	11.30%
Kashf Foundation (Rated AAA)	Quarterly / At maturity	3 months KIBOR plus 1.5%	December 8, 2023	December 8, 2026	-	800	-	800	80,000	81,715	1,715	4.92%	18.47%
Total as at June 30 2024					1,150	1,300	-	2,450	168,370	170,216	1,846		
Total as at June 30 2023									76,036	76,742	706		

5.2 Market Treasury Bills

Particulars	Yield	Issue date	Maturity date	Face value				As at June 30, 2024			Market Value as a percentage of		
				As at July 1, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	carrying value	market value	unrealized diminution	net assets	total investment	
(Rupees in '000)													
Market treasury Bills - 06 months	21.46%	November 16, 2023	May 16, 2024	-	300,000	300,000	-	-	-	-	-	-	-
Market treasury Bills - 06 months	19.94%	June 27, 2024	December 26, 2024	-	100,000	-	100,000	91,154	91,145	(9)	5.48%	20.60%	
Market treasury Bills - 06 months	18.49%	June 27, 2024	June 26, 2025	-	100,000	-	100,000	84,602	84,405	(197)	5.08%	19.08%	
Total as at June 30 2024								175,756	175,550	(206)			
Total as at June 30, 2023								-	-	-			

5.3 Pakistan Investment Bonds

Particulars	Interest payments / principal redemptions	Issue date	Maturity date	Coupon rate	Face value				As at June 30, 2024			Market Value as a Percentage of	
					As at July 1, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	carrying Value	market value	unrealized diminution	net assets	total investment
(Rupees in 000)													
Pakistan Investment Bonds - 05 years	Semi-annually / At maturity	April 18, 2024	April 18, 2029	21.30%	-	100,000	-	100,000	96,715	96,580	(135)	5.81%	21.83%
Total as at June 30 2024								96,715	96,580	(135)			
Total as at June 30, 2023								-	-	-			

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

	2024	2023
	----- (Rupees in '000) -----	
Market value of investments	442,346	76,742
Less: carrying value of investments	<u>(440,841)</u>	<u>(76,036)</u>
	<u>1,505</u>	<u>706</u>

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6	Note	2024	2023
------(Rupees in '000)-----			
Deposit and other receivable			
Profit receivable on Balances with banks		20,996	16,678
Receivable against Term Finance Certificates		1,621	395
Receivable against Pakistan Investment Bonds		4,307	-
Security deposit with Central Depository Company of Pakistan Limited - Trustee		100	100
		<u>27,024</u>	<u>17,173</u>

7 PRELIMINARY EXPENSES AND FLOATATION COSTS

At the beginning of the year		498	627
Less: amortisation for the year	7.1	<u>(129)</u>	<u>(129)</u>
At the end of the year		<u>369</u>	<u>498</u>

7.1 Preliminary expenses and floatation 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.

8	Note	2024	2023
------(Rupees in '000)-----			
PAYABLE TO NATIONAL INVESTMENT TRUST LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	8.1	1,490	1,012
Sindh Sales Tax payable on the Management remuneration	8.2	194	131
Preliminary expenses and floatation cost payable		643	643
Other payable		121	121
		<u>2,448</u>	<u>1,907</u>

8.1 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.

8.2 During the year, an amount of Rs. 2.15 million (2023: Rs. 1.63 million) was charged on account of sales tax on management remuneration levied at the rate of 13% through the Sindh Sales Tax on Services Act, 2011.

9	Note	2024	2023
------(Rupees in '000)-----			
PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee remuneration payable	9.1	89	61
Sindh Sales Tax payable on the Trustee remuneration	9.2	12	8
		<u>101</u>	<u>69</u>

9.1 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% (2023: 0.075%) per annum of net assets during the year and an amount of Rs. 1 million (2023: Rs. 0.76 million) has been recorded in the Income Statement.

9.2 During the year, an amount of Rs 0.13 million (2023: Rs. 0.10 million) was charged on account of sales tax on remuneration of the Trustee levied at the rate of 13% through the Sindh Sales Tax on Services Act, 2011.

10	Note	2024	2023
------(Rupees in '000)-----			
PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Fee payable	10.1	88	201

10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2023: 0.02%) per annum of the daily net assets during the year ended June 30, 2024.

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.

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11	ACCRUED EXPENSES AND OTHER LIABILITIES	2024	2023
		----- (Rupees in '000) -----	
	Capital gain tax payable	13,550	1,747
	Auditors' remuneration payable	382	319
	Printing charges payable	-	4
	Rating fee payable	160	249
	Listing fee payable	-	8
	Zakat payable	48	-
		<u>14,140</u>	<u>2,327</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	2024	2023
		----- Number of Units -----	
	Total units in issue at the beginning of the year	99,449,122	72,310,334
	Add: Units issued	356,056,655	174,368,032
	Add: Units issued under Cumulative Investment Plan	13,634,148	11,429,799
	Add: Units issued in lieu of refund of capital	3,195,557	1,129,303
	Less: Units redeemed	(309,880,799)	(159,788,346)
	Total units in issue at the end of the year	<u>162,454,683</u>	<u>99,449,122</u>

14 AUDITORS' REMUNERATION

		2024	2023
		----- (Rupees in '000) -----	
	Annual audit fee	276	230
	Half yearly review	104	86
	Income certification	50	50
	Out of pocket expenses including government levy	75	55
		<u>505</u>	<u>421</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, 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. 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.

16 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, 2023	-	3,565	-	3,565
Receivable against issuance of units	(4,137,416)	-	-	(4,137,416)
Payable against redemption of units	-	3,607,290	-	3,607,290
Payable against dividends	-	-	152,074	152,074
	(4,137,416)	3,607,290	152,074	(378,052)
Amount received on issuance of units	4,137,416	-	-	4,137,416
Amount paid on redemption of units	-	(3,610,785)	-	(3,610,785)
Dividend paid	-	-	(150,763)	(150,763)
	4,137,416	(3,610,785)	(150,763)	375,868
Closing balance as at June 30, 2024	<u>-</u>	<u>70</u>	<u>1,311</u>	<u>1,381</u>

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17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2024 is 1.63% (2023: 1.6%) which includes 0.25% (2023: 0.2%) representing government levies on the Fund such as provision for sales taxes and 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.

18 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

18.1 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.

18.2 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.

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

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

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

Transactions during the year

	2024	2023
	----- (Rupees in '000) -----	
National Investment Trust Limited - Management Company		
Issuance of 4,327,107 units under CIP: Nil (2023: 3,245,363, units)	43,887	32,525
Remuneration to the Management Company	16,574	12,548
Sindh Sales Tax on the Management remuneration	2,155	1,631
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee	1,000	755
Sindh Sales Tax on the Trustee remuneration	130	98
Units holders holding 10% or more units		
National Bank of Pakistan		
Issuance of 5,219,355 units (2023: 3,827,578 units) under CIP	52,937	38,360
Key Management Personnel		
Issuance of 105,681 units (2023: 29,569 units)	1,072	332,783
Redemption of Nil units (2023: 29,569 units)	-	333,994
Amounts outstanding as at year end		
National Investment Trust Limited - Management Company		
Units held 27,606,810 (2023: 23,279,703)	282,481	235,733
Management remuneration payable	1,490	1,012
Sindh Sales Tax payable on the Management remuneration	194	131
Preliminary expenses and flotation cost payable	643	643
Other payable	121	121
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	89	61
Sindh Sales Tax payable on the Trustee remuneration	12	8
Security deposit	100	100
Key Management Personnel		
Units held 105,681 (2023: Nil)	1,081	-

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Units holders holding 10% or more units

2024 2023

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

National Bank of Pakistan

Units held 29,087,333 (2023: 23,867,978)

297,630

241,690

19 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks

Investments

Deposits and other receivable

2024			
At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
----- (Rupees in '000) -----			
1,210,707	-	-	1,210,707
-	442,346	-	442,346
27,024	-	-	27,024
<u>1,237,731</u>	<u>442,346</u>	<u>-</u>	<u>1,680,077</u>

Financial liabilities

Payable to National Investment Trust Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against redemption of units

Accrued expenses and other liabilities

Dividend payable

2024		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
2,448	-	2,448
101	-	101
70	-	70
542	-	542
1,311	-	1,311
<u>4,472</u>	<u>-</u>	<u>4,472</u>

Financial assets

Balances with banks

Investment

Deposits and other receivable

2023			
At amortized cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
----- (Rupees in '000) -----			
920,689	-	-	920,689
-	76,742	-	76,742
17,173	-	-	17,173
<u>937,862</u>	<u>76,742</u>	<u>-</u>	<u>1,014,604</u>

Financial liabilities

Payable to National Investment Trust Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against redemption of units

Accrued expenses and other liabilities

2023		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
1,907	-	1,907
69	-	69
3,565	-	3,565
580	-	580
<u>6,121</u>	<u>-</u>	<u>6,121</u>

20 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:

20.1 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.

20.1.1 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.

20.1.2 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, 2024 is as follows:

	2024	2023
	------(Rupees in '000)-----	
Variable rate instruments (financial assets)		
Balances with banks	1,210,707	920,689
Pakistan Investment Bonds	96,580	-
Term finance certificates	170,216	76,742
	<u>1,477,503</u>	<u>997,431</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 year and the net assets of the Fund by Rs. 14.76 million (2023: Rs. 9.97 million). The analysis assumes that all other variables remain constant.

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, 2024 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, 2024 can be determined as follows:

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Effective yield / interest rate	2024				Not exposed to yield / interest rate risk	Total
	Exposed to yield / interest rate risk			Up to three months		
	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	20.75 - 23	1,210,707	-	-	-	1,210,707
Investments	18.49 - 22.97	-	442,346	-	-	442,346
Deposits and other receivable		-	-	-	27,024	27,024
		1,210,707	442,346	-	27,024	1,680,077
Financial liabilities						
Payable to National Investment Trust Limited - Management Company		-	-	-	2,448	2,448
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	101	101
Payable against redemption of units		-	-	-	70	70
Accrued expenses and other liabilities		-	-	-	542	542
Dividend payable		-	-	-	1,311	1,311
		-	-	-	4,472	4,472
On-balance sheet gap (a)		1,210,707	442,346	-	22,552	1,675,605
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,210,707	442,346	-	22,552	1,675,605
Cumulative interest rate sensitivity gap		1,210,707	1,653,053	1,653,053		

Effective yield / interest rate	2023				Not exposed to yield / interest rate risk	Total
	Exposed to yield / interest rate risk			Up to three months		
	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	5.5 - 17.25	920,689	-	-	-	920,689
Investments	23.5	-	76,742.00	-	-	76,742
Deposits and other receivable		-	-	-	17,173	17,173
		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		

20.1.3 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.

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20.2 Credit risk

20.2.1 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:

	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) -----		----- (Rupees in '000) -----	
Balances with banks	1,210,707	1,210,707	920,689	920,689
Investments	442,346	442,346	76,742	76,742
Deposits and other receivable	27,024	27,024	17,073	17,073
	<u>1,680,077</u>	<u>1,680,077</u>	<u>1,014,504</u>	<u>1,014,504</u>

20.2.2 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 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, 2024 and June 30,

Name of the bank	Balance as at June 30, 2024	Rating agency	Published rating	Percentage of total bank balances
	----- (Rupees in '000) -----			(%)
Bank Al Habib Limited	69,821	PACRA	AAA	5.77
Habib Bank Limited	152,621	VIS	AAA	12.62
Allied Bank Limited*	12	PACRA	AAA	-
Soneri Bank Limited	565,461	PACRA	AA-	46.76
Khushhali Microfinance Bank Limited	136	VIS	A-	0.01
U Microfinance Bank Limited*	52	PACRA	A+	-
HBL Microfinance Bank	420,920	PACRA	A+	34.81
Mobilink Microfinance Bank	273	PACRA	A1	0.02

*Nil figure due to rounding off

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	28,413	PACRA	AAA	3.09
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+	80.5
HBL Microfinance Bank	150,000	PACRA	A+	16.3

*Nil figure due to rounding off

Above ratings are based on available ratings assigned by PACRA and VIS as of June 30, 2024 and June 30, 2023.

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

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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.

20.3 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 year.

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 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.

	2024						Total
	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	
	(Rupees in '000)						
Financial assets							
Balances with banks	1,210,707	-	-	-	-	-	1,210,707
Investments	-	-	-	442,346	-	-	442,346
Deposits and other receivable	27,024	-	-	-	-	-	27,024
	1,237,731	-	-	442,346	-	-	1,680,077
Financial liabilities							
Payable to National Investment Trust Limited - Management Company	2,448	-	-	-	-	-	2,448
Payable to Central Depository Company of Pakistan Limited - Trustee	101	-	-	-	-	-	101
Payable against redemption of units	70	-	-	-	-	-	70
Accrued expenses and other liabilities	929	382	-	-	-	-	1,311
	3,548	382	-	-	-	-	3,930
Net assets	1,234,183	(382)	-	442,346	-	-	1,676,147

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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	-	-	76,742	-	-	76,742
Deposits and other receivable	17,173	-	-	-	-	17,173
	937,862	-	76,742	-	-	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
Dividend payable	1,311	-	-	-	-	1,311
	7,113	319	-	-	-	7,432
Net assets	930,749	(319)	76,742	-	-	1,007,172

21 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, 2024 and June 30, 2023 the Fund held the following financial instruments measured at fair values:

2024				
Level 1	Level 2	Level 3	Total	
(Rupees in '000)				
Financial assets measured 'at fair value through profit or loss'				
Investment in:				
- Term finance certificates	-	170,216	-	170,216
- Market Treasury Bills	-	175,550	-	175,550
- Pakistan Investment Bonds	-	96,580	-	96,580
	-	442,346	-	442,346
2023				
Level 1	Level 2	Level 3	Total	
(Rupees in '000)				
Financial assets measured 'at fair value through profit or loss'				
Investment in:				
- Term finance certificates	-	76,742	-	76,742
	-	76,742	-	76,742

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22 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'.

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.

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Particulars	Percentage
Alfalah CLSA Securities (Private) Limited	100

24 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	29
2	Mr. Manzoor Ahmed	Chief Operating Officer	MBA, DAIBP and CFA Level-III	35
3	Mr. Shoaib Ahmed Khan	Head of Fixed Income	MBA / DAIBP	25
4	Mr. Aamir Amin	Head of Finance	FCA, CISA	25
5	Mr. Faisal Aslam	Head of Compliance	MBA (Finance), BBA (Hons), CIM-ADIMA (UK)	19
6	Mr. Ali Kamal	Head of Research	MBA, CFA Level-II	16
5	Mr. Khurram Aftab Ahmed*	Section Manager	MBA (Finance)	19
8	Mr. Salman H. Chawala	Manager - Risk Management	MBA, ACIS	22

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

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 363th, 364th, 365th, 366th and 367th Board meetings were held on Sep 27, 2023, October 20, 2023, February 23, 2024, April 30, 2024 and June 14, 2024 respectively. Information in respect of attendance by the Directors in the meetings is given below:

Name of Directors	Number of meetings			Meetings not attended
	Held during tenor of directorship	Attended	Leave granted	
Mr. Adnan Afridi	5	5	-	-
Mr. Mian Nusrat-Ud-Din	5	5	-	-
Mr. Iqbal Adamjee	5	5	-	-
Mr. Ahmad Aqeel	5	5	-	-
Mr. Aftab Ahmed Khan*****	3	2	1	365th BOD
Mr. Naeem Bashir Ahmad	5	5	-	-
Mr. Farmanullah Zarkoon	5	5	-	-
Syed Irfan Ali*****	3	3	-	-
Mr. Amjad Mahmood	5	4	1	363rd BOD
Mr. Karim Akram Khan*****	2	2	-	-
Mr. Omair Safdar*****	2	2	-	-
Mr. Abdul Aleem Qureshi*	2	2	-	-
Mr. Shoib Mir**	2	2	-	-
Ms. Zoya Tehseen Mohsin Nathani***	2	2	-	-
Mr. Aftab Manzoor****	2	2	-	-
Mr. Sohail Razi Khan*****	2	2	-	-
Syed Veqar-ul-islam*****	2	2	-	-

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- * Mr. Abdul Aleem Qureshi has joined board during the year on September 27, 2023
 ** Mr. Shoib Mir has joined board during the year on February 27, 2024
 *** Ms. Zoya Tehseen Mohsin Nathani has joined board during the year on January 18, 2024
 **** Mr. Aftab Manzoor has joined board during the year on January 18, 2024
 ***** Mr. Sohail Razi Khan has joined board during the year on January 18, 2024
 ***** Syed Veqar-ul-Islam has joined board during the year on January 18, 2024
 ***** Mr. Aftab Ahmed Khan retired from the board during the year on February 23, 2024.
 ***** Syed Irfan Ali retired from the board during the year on February 28, 2024.
 ***** Mr. Karim Akram Khan has joined board during the year on February 20, 2024
 ***** Mr. Omair Safdar has joined board during the year on February 20, 2024

26 PATTERN OF UNIT HOLDING

Particulars	2024		
	Number of unit holders	Investment amount	Percentage of total investment
	(Rupees in '000)		(%)
Individuals	432	962,589	57.91
Banks / Development Financial Institutions	2	394,361	23.72
NBFC	1	282,482	16.99
Others	2	22,857	1.38
	<u>437</u>	<u>1,662,289</u>	<u>100</u>

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
Public Limited Companies*	1	-	-
Others	2	151,211	15
	<u>225</u>	<u>1,007,033</u>	<u>100</u>

*Nil figure due to rounding off

27 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated 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 were made in these financial statements.

28 DATE OF AUTHORISATION FOR ISSUE


These financial statements were authorised for issue on 12 AUG 2024 by the Board of Directors of the Management Company.

29 GENERAL

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

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For National Investment Trust Limited
(Management Company)


Managing Director


Director


Director