NBP FUNDS
Managing Your Savings
Islamic Savings
Aitemaad اعتماد
اسلامک سیونگز

NBP Fund Management Limited

NBP ISLAMIC INCOME FUND

ANNUAL REPORT
2024

AM1
Rated by PACRA

MISSION STATEMENT

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

Contents

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource & Remuneration Committee

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

Strategy & Business Planning Committee

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

* Pending SECP approval

Trustee

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

Bankers to the Fund

Bank Islami Pakistan Limited
United Bank Limited (Islamic)
Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited
Silk Bank Limited (Emaan Islamic)
AlBaraka Bank (Pakistan) Limited
National Bank of Pakistan (Islamic Banking)
Habib Bank Limited (Islamic)
MCB Bank Limited
Bank Alfalah Limited (Islamic)
Habib Metropolitan Bank Limited
Soneri Bank Limited
JS Bank Limited
Faysal Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

Board of Directors

Dr. Amjad Waheed, CFA
Chief Executive Officer

Shaikh Muhammad Abdul Wahid Sethi
Chairman

Mr. Khalid Mansoor
Director

Mr. Saad Amanullah Khan
Director

Mr. Faisal Ahmed*
Director

Mr. Ali Saigol
Director

Mr. Ruhail Muhammad
Director

Ms. Mehnaz Salar
Director

Mr. Imran Zaffar
Director

* Pending SECP approval

Senior Management


Dr. Amjad Waheed, CFA
Chief Executive Officer


Mr. Muhammad Murtaza Ali
Chief Operating Officer & Company Secretary


Mr. Asim Wahab Khan, CFA
Chief Investment Officer


Mr. Ozair Khan
Chief Technology Officer


Mr. Salim S Mehdi
Chief Business Development Officer


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


Mr. Khalid Mehmood
Chief Financial Officer


Mr. Salman Ahmed, CFA
Head of Fixed Income


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


Mr. Muhammad Umer Khan
Head of Human Resources & Administration


Syed Sharoz Mazhar, CFA
Head of Business & Sales Strategy


Mr. Zaheer Iqbal, ACA FPFA
Head of Operations


Mr. Waheed Abidi
Head of Internal Audit


Mr. Hassan Raza, CFA
Head of Research


Mr. Mustafa Farooq
Head of Compliance

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 4th Annual Report of **NBP Islamic Income Fund (NBP-IIF)** for the year ended June 30, 2024.

Fund's Performance

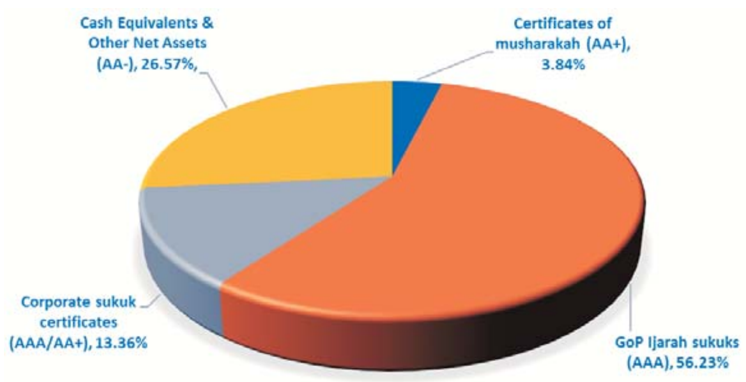
The market witnessed some fresh issuance of shariah compliant corporate sukuks, which helped the undersupplied market for the shariah compliant debt securities. In FY2024, the State Bank's Monetary Policy Committee (MPC) held eight meetings, reducing the policy rate by 150 basis points in the fourth quarter to 20.50%. This decision was supported by improving macroeconomic indicators, thanks to measures aimed at curbing inflation and improving its outlook. The MPC noted a significant drop in inflation, a reduced current account deficit, and stronger foreign exchange (FX) reserves. However, they cautioned that risks to price stability remain due to domestic and external shocks, the base effect, and global commodity price fluctuations. The inflation outlook is also threatened by recent budgetary measures and frequent hikes in utility tariffs, which could slow the decline in inflation expectations.

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

NBP-IIF is categorized as a Shariah Compliant Income Fund and has been awarded stability rating of 'A+ (f)'by PACRA. The fund aims to provide competitive returns by investing in Shariah compliant debt securities and money market instruments. The Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity, and in Shariah Compliant Money Market instruments & debt securities rated A or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

The size of NBP Islamic Income Fund has increased from Rs. 5,158 million to Rs. 6,386 million during the period (a growth of 24%). During the period, the unit price of the Fund has increased from Rs. 8.3807 (Ex-Div) on June 30, 2023 to Rs. 10.1225 on June 30, 2024, thus showing a return of 20.72% as compared to the benchmark return of 10.10% for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund has earned a total income of Rs. 1,249.560 million during the year. After deducting total expenses of Rs. 118.266 million, the net income is Rs. 1,131.294 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NBP-IIF.



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 20.47% of the opening ex-NAV (20.63% of the par value) during the year ended June 30, 2024.

Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding accumulative losses, realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors, Messrs A.F. Ferguson & Co., Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2025.

Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.

2. Proper books of account of the Fund have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Fund's ability to continue as a going concern.

7. There has been no material departure from the best practices of Corporate Governance.

8. A performance table/ key financial data is given in this annual report.

9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.

10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 29 to these financial statements.

11. The detailed pattern of unit holding is disclosed in the note 26 to these financial statements.

12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 20 to these financial statements.

13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. As at June 30, 2024, the Board included:

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

Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive Officer **Director**

Date: **October 30 , 2024**
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 30 جون 2024 کو ختم ہونے والے سال کے لئے NBP اسلامک انکم فنڈ (NBP-IIF) کی چوتھی سالانہ رپورٹ پیش کرتے ہیں۔

فنڈ کی کارکردگی

مارکیٹ میں بنیادی طور پر پاورسیکٹر میں فنڈنگ کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لئے چند نئے قلیل مدتی کارپوریٹ سکوک کا اجراء دیکھا گیا۔ مالی سال 24 میں اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (ایم پی سی) کے 8 اجلاس منعقد ہوئے، چوتھی سہ ماہی میں پالیسی شرح 150 بیسس پوائنٹس کم کرکے 20.50 فیصد کردی گئی۔ یہ فیصلہ بہتر میکرو اکنامک اشاروں کے باعث کیا گیا، جس کا مقصد افراط زر پر قابو پانا اور اس کے نقطہ نظر کو بہتر بنانا تھا۔ ایم پی سی نے افراط زر میں نمایاں کمی، کرنٹ اکاؤنٹ خسارے میں کمی اور زرمبادلہ کے مضبوط ذخائر درج کئے۔ تاہم، انہوں نے متنبہ کیا کہ مقامی اور بیرونی شاکس، بنیادی اثرات، اور عالمی اجناس کی قیمتوں میں اتار چڑھاؤ کی وجہ سے قیمتوں میں عدم استحکام لا سکتے ہیں۔ حالیہ بجٹ اقدامات اور یوٹیلیٹی ٹیرف میں مسلسل اضافے سے بھی افراط زر کا نقطہ نظر خطرے میں ہے، جس سے افراط زر کی متوقع کمی سست ہوسکتی ہے۔

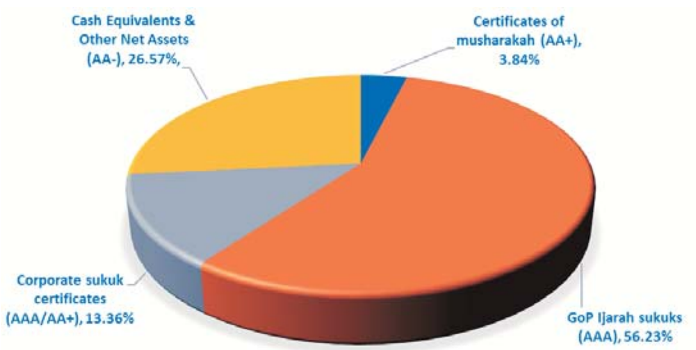
مثبت بات یہ ہے کہ کرنٹ اکاؤنٹ خسارے میں کمی، ایکسچینج کمپنیوں میں ابتدائی اصلاحات اور مارکیٹ کی غیر قانونی سرگرمیوں کے خلاف اقدامات سے ایف ایکس مارکیٹ کے جذبات اور لیکویڈیٹی میں بہتری آئی ہے۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ توسیعی فنڈ سہولت (ای ایف ایف) پروگرام کے حوالے سے کامیاب مذاکرات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

NBP-IIF کی درجہ بندی بطور شریعہ کمپلائنٹ انکم فنڈ کی گئی ہے اور PACRA کی طرف سے 'A+(F)' کی مستحکم ریٹنگ دی گئی ہے۔ اس فنڈ کا مقصد شریعت کے مطابق قرضوں کی سیکیورٹیز اور منی مارکیٹ کے آلات میں سرمایہ کاری کرکے مسابقتی منافع فراہم کرنا ہے۔ فنڈ اسلامک بینکوں، روایتی بینکوں کی اسلامک برانچز / ونڈوز میں آسانی سے لیکویڈیٹی فراہم کرنے والے اسلامی بینکوں کے ہاں سرمایہ کاری کی اجازت دیتا ہے۔ فنڈ کو شریعت کے مطابق A یا اس سے بالا درجہ بندی کے منی مارکیٹ کے آلات اور ڈیبٹ سیکورٹیز میں سرمایہ کاری کرنے کی اجازت ہے۔ فنڈ ایکوئٹی میں سرمایہ کاری کرنے کا مجاز نہیں ہے۔ گورنمنٹ سیکیورٹیز کے علاوہ فنڈ کی میچورٹی کی اوسط مدت 4 سال سے زیادہ نہیں ہوسکتی ہے۔

NBP اسلامک انکم فنڈ کا سائز 5,158 ملین روپے سے بڑھ کر اس مدت کے دوران 6,386 ملین روپے ہوگیا یعنی 24% کا اضافہ ہوا۔ سال کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2023 کو (Ex-Div) 8.3807 روپے سے بڑھ کر 30 جون 2023 کو 10.1225 روپے ہوگئی، چنانچہ اسی مدت کے لئے 10.10% بینچ مارک منافع کے مقابلے میں 20.72% کا منافع درج کیا۔ فنڈ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

فنڈ کو اس مدت کے دوران 1,249.560 ملین روپے کی آمدنی ہوئی۔ 118.266 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1,131.294 ملین روپے ہے۔

درج ذیل چارٹ NBP-IIF کی ایسیٹ ایلوکیشن اور ہر ایک ایسٹ کلاسوں کی اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والے سال کے لئے اوپننگ ex-NAV کا 20.47% (بنیادی قدر کا 20.63%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

ٹیکسیشن

چونکہ مذکورہ بالا نقد منافع منقسمہ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

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

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

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک وشبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل/اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیز، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 29 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 26 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2024 کو بورڈ آف ڈائریکٹرز درجہ ذیل ارکان پر مشتمل ہیں

کیٹگری	نام
غیر جانبدار ڈائریکٹرز	1. جناب خالد منصور 2. جناب سعد امان اللہ خان 3. جناب روحیل محمد
ایگزیکٹو ڈائریکٹر	ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)
نان ایگزیکٹو ڈائریکٹرز	1. شیخ محمد عبدالواحد سیٹھی (چیئرمین) 2. جناب تو قیر مظہر 3. محترمہ مہناز سالار 4. جناب علی سیگل 5. جناب عمران ظفر

اظہار تشکر

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

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

منجانب بورڈ آف ڈائریکٹرز
NBP فنڈ مینجمنٹ لمیٹڈ

چیف ایگزیکٹو آفیسر | **ڈائریکٹر**

تاریخ: 30 اکتوبر 2024ء
مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Islamic Income Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;

(iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and

(iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, October 30, 2024

FUND MANAGER REPORT

NBP Islamic Income Fund

NBP Islamic Income Fund (NBP-IIF) is an Open-End Shariah Compliant Income Fund.

Investment Objective of the Fund

To provide competitive returns by investing in Shariah compliant debt securities and money market instruments.

Benchmark

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

Fund Performance Review

This is the 4th Annual report since the launch of the Fund on August 13, 2020. The Fund size increased by 24% and stands at Rs. 6.4 billion as of June 30, 2024. Since its inception, the Fund has earned an annualized return of 13.2%% versus the benchmark return of 5.8%%, thus registering an outperformance of 7.4% p.a. During FY24, the Fund posted a return of 20.7%% as compared to the benchmark return of 10.1% translating into an outperformance of 10.6% p.a. This outperformance is net of management fee and all other expenses.

NBP-IIF is awarded the stability rating of "A+ (f)" by PACRA. The Fund aims to provide competitive returns by investing in Shariah compliant debt securities and money market instruments. Minimum eligible rating is AA, while the Fund is allowed to invest with Islamic Banks, Islamic branches / windows of conventional banks providing easy liquidity. The Fund is allowed to invest in Shariah Compliant Money Market instruments & debt securities rated A- or better. The Fund is not authorized to invest in Equities. The weighted average time to maturity of the Fund cannot exceed 4 years excluding government securities.

The market witnessed some fresh issuance of shariah compliant corporate sukuks, which helped the undersupplied market for the shariah compliant debt securities. In FY 2024, the State Bank's Monetary Policy Committee (MPC) held eight meetings, reducing the policy rate by 150 basis points in the fourth quarter to 20.50%. This decision was supported by improving macroeconomic indicators, thanks to measures aimed at curbing inflation and improving its outlook. The MPC noted a significant drop in inflation, a reduced current account deficit, and stronger foreign exchange (FX) reserves. However, they cautioned that risks to price stability remain due to domestic and external shocks, the base effect, and global commodity price fluctuations. The inflation outlook is also threatened by recent budgetary measures and frequent hikes in utility tariffs, which could slow the decline in inflation expectations.

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

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-24	30-Jun-23
Islamic Commercial Papers	-	-
Corporate Sukuk certificates	13.36%	7.66%
GOP Ijarah Sukuks	56.23%	7.32%
Term Deposit Receipts	-	22.30%
Certificate of Musharika	3.84%	12.27%
Cash Equivalents & Other Assets	26.57%	50.45%
Total	**100%**	**100%**

Distribution for the Financial Year 2024

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
June - 2024	20.66%	12.1622	10.0959

Unit Holding Pattern of NBP Islamic Income Fund as on June 30, 2024

Size of Unit Holding (Units)	# of Unit Holders
0-0.99	68
1-1000	618
1001-5000	278
5001-10000	144
10001-50000	572
50001-100000	389
100001-500000	638
500001-1000000	129
1000001-5000000	71
5000001-10000000	11
10000001-100000000	2
Total	**2,920**

During the period under question

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

STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

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

For and behalf of the board

Date: **October 30, 2024**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

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

Alhamdulillah, the period from July 01, 2023 to June 30, 2024 marks the Fourth year of the operations of NBP Islamic Income Fund (the "NBP-IIF" or the "Fund") under management of NBP Funds Management Limited (the "NBP Funds" or the "Management Company").

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

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

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

i. The modes of investments, transactions, relevant documentation and procedures adopted have been in accordance with Shariah principles and rules

ii. The affairs of the Fund have been carried out in accordance with Shariah principles and rules and relevant Shariah opinions and/or guidelines were issued accordingly from time to time

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

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

For and on behalf of Shariah Technical Services & Support

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

Mufti Muhammad Naveed Alam Member Shariah Supervisory Board	**Mufti Ehsan Waquar** Shariah Advisor & Member Shariah Supervisory Board	**Dr. Imran Ashraf Usmani** Chairman Shariah Supervisory Board

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

To The Board of Directors of NBP Fund Management Limited

1. Introduction

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

2. Applicable Criteria

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

a) legal and regulatory framework administered by the SECP;

b) Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by the SECP;

c) Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan (ICAP), as notified by the SECP;

d) guidance and recommendations of the Shariah advisory committee, as notified by the SECP; and

e) approvals, rulings or pronouncements of Shariah Supervisory board or the Shariah Advisor of the Islamic financial institution, in line with (a) to (d) above.

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

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

3. Management's Responsibility for Shariah Compliance

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

4. Our Independence and Quality Control

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

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

5. Our Responsibility and Summary of the Work Performed

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

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

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

6. Conclusion

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

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

Yousuf Adil
Chartered Accountants

Date: **October 30, 2024**
Place: Karachi

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of NBP Islamic Income Fund

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Net Asset Value** (Refer notes 4 and 5 to the financial statements)	
	The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2024 amounted to Rs. 1,468.843 million and Rs. 4,689.467 million respectively. The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: • obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; • re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and • obtained bank reconciliation statements and tested reconciling items on a sample basis.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: October 30, 2024
UDIN: AR202410061iwc7F45zI

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2024

	Note	2024	2023
		---------(Rupees in '000)---------	
ASSETS			
Bank balances	4	1,468,843	2,659,793
Investments	5	4,689,467	2,555,572
Profit receivable	6	254,858	100,906
Receivable against transfer of units		183,828	23,672
Deposits and other receivables	7	443	443
Preliminary expenses and floatation costs	8	173	329
Total assets		6,597,612	5,340,715
LIABILITIES			
Payable to NBP Fund Management Limited - the Management Company	9	23,417	20,170
Payable to Central Depository Company of Pakistan Limited - the Trustee	10	459	356
Payable to the Securities and Exchange Commission of Pakistan	11	406	1,418
Payable against redemption of units		67,020	73,434
Accrued expenses and other liabilities	12	120,167	87,776
Total liabilities		211,469	183,154
NET ASSETS		6,386,143	5,157,561
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		6,386,143	5,157,561
CONTINGENCIES AND COMMITMENTS	13		
		---------- Number of units ---------	
NUMBER OF UNITS IN ISSUE	14	630,887,222	510,856,440
		---------------- Rupees -------------	
NET ASSET VALUE PER UNIT	3.6	10.1225	10.0959

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

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

Chief Financial Officer | **Chief Executive Officer** | **Director**

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
INCOME		--------(Rupees in '000)--------	
Income on corporate sukuk certificates		139,297	156,663
Income on GoP Ijarah sukuks certificates		514,092	47,621
Income on term deposit receipts		58,387	86,617
Income on Islamic commercial papers		-	6,669
Income on bai muajjal receivable		-	8,992
Income on certificates of musharakah		111,543	113,339
Profit on bank balances		427,736	727,924
Gain / (loss) on sale of investments - net		4,405	(15)
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.5	(5,900)	(17,093)
Total income		1,249,560	1,130,717
EXPENSES			
Remuneration of NBP Fund Management Limited - the Management Company	9.1	70,277	65,767
Sindh sales tax on remuneration of the Management Company	9.2	9,136	8,550
Reimbursement of allocated expenses	9.3	9,026	9,296
Reimbursement of selling and marketing expenses	9.4	17,564	13,203
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	10.1	4,542	5,319
Sindh sales tax on remuneration of the Trustee	10.2	591	691
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	4,542	1,418
Amortisation of preliminary expenses and floatation costs	8	156	156
Auditors' remuneration	15	535	569
Legal and professional charges		150	220
Annual listing fee		31	28
Shariah advisory fee		802	1,120
Settlement and bank charges		326	423
Printing charges		170	100
Brokerage fee		190	12
Fund rating fee		228	208
Total operating expenses		118,266	107,080
Net income for the year before taxation		1,131,294	1,023,637
Taxation	16	-	-
Net income for the year after taxation		1,131,294	1,023,637
Earnings per unit	3.14		
Allocation of net profit for the year			
Net income for the year after taxation		1,131,294	1,023,637
Income already paid on units redeemed		(566,748)	(592,400)
		564,546	431,237
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		564,546	431,237
		564,546	431,237

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

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

	2024	2023
	---------(Rupees in '000)---------	
Net income for the year after taxation	1,131,294	1,023,637
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,131,294	1,023,637

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	**Chief Executive Officer**	**Director**

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

	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	5,110,294	47,267	5,157,561	7,513,947	19,263	7,533,210
Issuance of 926,688,811 units (2023: 1,033,444,476 units)						
- Capital value (at ex - net asset value per unit)	9,355,758	-	9,355,758	10,374,129	-	10,374,129
- Element of income	823,505	-	823,505	447,649	-	447,649
Total proceeds on issuance of units	10,179,263	-	10,179,263	10,821,778	-	10,821,778
Redemption of 806,658,029 units (2023: 1,273,030,798 units)						
- Capital value (at ex - net asset value per unit)	(8,143,939)	-	(8,143,939)	(12,779,193)	-	(12,779,193)
- Element of loss	(420,058)	(566,748)	(986,806)	(287,619)	(592,400)	(880,019)
Total payments on redemption of units	(8,563,997)	(566,748)	(9,130,745)	(13,066,812)	(592,400)	(13,659,212)
Total comprehensive income for the year	-	1,131,294	1,131,294	-	1,023,637	1,023,637
Interim distribution for the year ended June 30, 2024 @ Rs. 2.0663 per unit declared on June 26, 2024	(402,244)	(548,986)	(951,230)	-	-	-
(2023: Rs. 1.5195 per unit declared on June 21, 2023)	-	-	-	(158,619)	(403,233)	(561,852)
	(402,244)	(548,986)	(951,230)	(158,619)	(403,233)	(561,852)
Net assets at the end of the year	6,323,316	62,827	6,386,143	5,110,294	47,267	5,157,561
Undistributed income brought forward						
- Realised income		64,360			1,013	
- Unrealised (loss) / income		(17,093)			18,250	
		47,267			19,263	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		564,546			431,237	
		564,546			431,237	
Distribution during the year		(548,986)			(403,233)	
Undistributed income carried forward		62,827			47,267	
Undistributed income carried forward:						
- Realised income		68,727			64,360	
- Unrealised loss		(5,900)			(17,093)	
		62,827			47,267	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			10.0959			10.0384
Net asset value per unit at the end of the year			10.1225			10.0959

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer | **Chief Executive Officer** | **Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		---------(Rupees in '000)---------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,131,294	1,023,637
Adjustments:			
Income on corporate sukuk certificates		(139,297)	(156,663)
Income on GoP Ijarah sukuks certificates		(514,092)	(47,621)
Income on term deposit receipts		(58,387)	(86,617)
Income on Islamic commercial papers		-	(6,669)
Income on bai muajjal receivable		-	(8,992)
Income on certificates of musharakah		(111,543)	(113,339)
Profit on bank balances		(427,736)	(727,924)
Unrealised diminution on re-measurement of investments financial assets at fair value through profit or loss' - net	5.5	5,900	17,093
Amortisation of preliminary expenses and floatation costs	8.1	156	156
		(1,244,999)	(1,130,576)
Decrease / (increase) in assets			
Investments		(3,677,675)	378,066
		(3,677,675)	378,066
Increase / (decrease) in liabilities			
Payable to NBP Fund Management Limited - the Management Company		3,247	5,946
Payable to Central Depository Company of Pakistan Limited - the Trustee		103	(132)
Payable to the Securities and Exchange Commission of Pakistan		(1,012)	428
Accrued expenses and other liabilities		32,391	53,551
		34,729	59,793
Profit received on bank balances, sukuk certificates, term deposit receipts bai muajjal, certificates of musharakah and Islamic commercial papers		1,097,103	1,154,966
Net cash (used in) / generated from operating activities		(2,659,548)	1,485,886
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received against issuance of units - net of refund of capital		9,616,863	10,696,817
Amount paid against redemption of units		(9,137,159)	(13,652,033)
Dividend paid		(548,986)	(403,233)
Net cash used in from financing activities		(69,282)	(3,358,449)
Net decrease in cash and cash equivalents during the year		(2,728,830)	(1,872,563)
Cash and cash equivalents at the beginning of the year		4,442,673	6,315,236
Cash and cash equivalents at the end of the year	19	1,713,843	4,442,673

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer | **Chief Executive Officer** | **Director**

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

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 NBP Islamic Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on March 9, 2020. The Fund was registered under the Sindh Trust Act, 2020 on October 14, 2021.

1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

1.3 The Fund has been categorised as an open ended Shariah compliant income fund by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 10 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from August 13, 2020 and are transferable and redeemable by surrendering them to the Fund.

1.4 The objective of the Fund is to provide competitive returns by investing in Shariah compliant debt securities and money market instruments.

1.5 The Pakistan Credit Rating Agency (PACRA) has reaffirmed an asset manager rating of the Management Company of AM1 as at June 21, 2024 (2023: AM1 on June 22, 2023). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, PACRA has maintained the stability rating of the Fund at A+(f) (2023: A+(f) on April 14, 2023) on April 9, 2024.

1.6 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

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

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

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

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

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

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.

- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

There are certain 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 will not have any material effect on the Fund's financial statements and have not been disclosed in the financial statements.

2.4 Critical accounting estimates and judgments

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

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

2.5 Accounting convention

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

2.6 Functional and presentation currency

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

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Initial recognition and measurement

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

3.2.2 Classification and subsequent measurement

Debt instruments

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

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

based on the business model of the entity.

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

3.2.3 Subsequent measurement

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

Financial assets 'at fair value through profit or loss'

Basis of valuation of Government securities

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

Basis of valuation of debt securities

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

3.2.4 Impairment (other than debt securities)

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

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

3.2.5 Impairment loss on debt securities

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

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

3.2.6 Regular way contracts

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

3.2.7 Derecognition

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

3.3 Financial liabilities

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

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

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net asset value per unit

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

3.7 Issue and redemption of units

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

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

3.8 Distributions to unit holders

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

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

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

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

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in income statement and are recognised on the date when the transaction takes place;

- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the year in which these arise;

- Income on debt securities is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and

- Profit on balances with banks and other income is recognised on an accrual basis.

3.11 Expenses

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

3.12 Preliminary expenses and floatation costs

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

3.13 Taxation

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

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

3.14 Earnings per unit

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

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

3.15 Foreign currency translation

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

4 BANK BALANCES

	Note	2024	2023
		---------(Rupees in '000)---------	
Balances with banks in:			
Savings accounts	4.1	1,450,526	2,566,599
Current accounts		18,317	93,194
		1,468,843	2,659,793

4.1 These include balance of Rs. 3.15 million (2023: Rs. 9.48 million) maintained with National Bank of Pakistan (a related party), that carry profit at the rate 10.00% (2023: 18.00%) per annum respectively. Other savings accounts of the Fund carry profit at the rate ranging from 10.00% to 19.85% (2023: 10.00% to 20.25%) per annum.

5 INVESTMENTS

	Note	2024	2023
At fair value through profit or loss			
GoP Ijarah sukuks certificates	5.1	3,591,025	377,402
Corporate sukuk certificates	5.2	853,442	395,290
Term deposit receipts	5.3	-	1,150,000
Certificates of musharakah	5.4	245,000	632,880
		4,689,467	2,555,572

5.1 GoP Ijarah sukuks certificates

Name of the security	Profit payments	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Market value as a percentage of total investments of the Fund	Market value as a percentage of net assets of the Fund
				Number of certificates				(Rupees in '000)			%	
GoP Ijarah sukuk GIS - VRR - XIX (Face value of Rs. 100,000 per certificate)	Semi - Annually	May 29, 2025	Weighted average 6 months T-Bills	1,000	-	-	1,000	99,358	99,750	392	2.13%	1.56%
GoP Ijarah sukuk GIS - VRR - XXV (Face value of Rs. 100,000 per certificate)	Semi - Annually	April 27, 2027	Weighted average 6 months T-Bills	38	-	-	38	3,777	3,826	49	0.08%	0.06%
GoP Ijarah sukuk GIS - VRR - XXVI (Face value of Rs. 100,000 per certificate)	Semi - Annually	October 26, 2027	Weighted average 6 months T-Bills	2,750	-	-	2,750	274,267	276,595	2,328	5.90%	4.33%
GoP Ijarah sukuk GIS - VRR - XXX (Face value of Rs. 100,000 per certificate)	Semi - Annually	April 17, 2024	Weighted average 6 months T-Bills	-	2,000	2,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXXII (Face value of Rs. 100,000 per certificate)	Semi - Annually	June 26, 2024	Weighted average 6 months T-Bills	-	2,000	2,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXXVII (Face value of Rs. 100,000 per certificate)	Semi - Annually	August 7, 2024	Weighted average 6 months T-Bills	-	7,450	2,000	5,450	548,100	545,327	(2,773)	11.63%	8.54%
GoP Ijarah sukuk GIS - VRR - XXXIX (Face value of Rs. 100,000 per certificate)	Semi - Annually	October 9, 2024	Weighted average 6 months T-Bills	-	7,550	-	7,550	755,863	757,190	1,327	16.15%	11.86%
GoP Ijarah sukuk GIS - VRR - XL (Face value of Rs. 100,000 per certificate)	Semi - Annually	December 4, 2024	Weighted average 6 months T-Bills	-	250	-	250	25,000	25,085	85	0.53%	0.39%
GoP Ijarah sukuk GIS - VRR - XLI (Face value of Rs. 100,000 per certificate)	Semi - Annually	December 4, 2026	Weighted average 6 months T-Bills	-	750	-	750	75,000	74,865	(135)	1.60%	1.17%
GoP Ijarah sukuk GIS - VRR - XLII (Face value of Rs. 100,000 per certificate)	Semi - Annually	December 4, 2028	Weighted average 6 months T-Bills	-	1,000	-	1,000	100,000	100,160	160	2.14%	1.57%
GoP Ijarah sukuk GIS - FRR - XXXIII (Face value of Rs. 100,000 per certificate)	Semi - Annually	December 4, 2026	16.19%	-	1,500	-	1,500	150,000	150,165	165	3.20%	2.35%
GoP Ijarah sukuk GIS - FRR - XXXII (Face value of Rs. 100,000 per certificate)	Semi - Annually	October 9, 2024	22.49%	-	4,400	-	4,400	445,700	442,904	(2,796)	9.44%	6.94%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	Semi - Annually	January 24, 2027	21.11%	-	35,000	-	35,000	175,000	175,875	875	3.75%	2.75%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	Semi - Annually	January 24, 2029	21.24%	-	35,000	-	35,000	175,000	175,350	350	3.74%	2.75%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	Annually	December 9, 2024	19.52%	-	165,032	-	165,032	764,999	763,933	(1,066)	16.29%	11.96%
Total as at June 30, 2024								3,592,064	3,591,025	(1,039)	76.58%	56.23%
Total as at June 30, 2023								378,814	377,402	(1,412)	14.76%	7.32%

5.2 Corporate sukuk certificates

Name of the security	Rating	Profit payments / principal payments	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / redeemed during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised diminution	Market value as a percentage of total investments of the Fund	Market value as a percentage of net assets of the Fund
					------------ Number of certificates ------------				------------ (Rupees in '000) ------------			-------------- % --------------	
POWER GENERATION & DISTRIBUTION													
The Hub Power Company Limited (Face value of Rs 25,000 per certificate)	AA+, PACRA	Quarterly	August 22, 2023	3 months KIBOR plus base rate of 1.90%	700	-	700	-	-	-	-	-	-
The Hub Power Company Limited (Face value of Rs 25,000 per certificate)	AA+, PACRA	Quarterly	March 19, 2024	12 months KIBOR plus base rate of 1.90%	500	-	500	-	-	-	-	-	-
K-Electric Limited - STS - XXVIII (Face value of Rs. 1,000,000 per certificate)	AA, PACRA	Semi-annually	February 9, 2024	6 months KIBOR plus base rate of 0.30%	-	150	150	-	-	-	-	-	-
Engro Powergen Thar (Private) Limited (Face value of Rs 2,500 per certificate)	AA-, PACRA	Quarterly	August 2, 2024	3 months KIBOR plus base rate of 1.10%	60,000	-	-	60,000	153,880	150,089	(3,791)	3.20%	2.35%
Hub Power Holdings Limited (Face value of Rs 75,000 per certificate)	AA+, PACRA	Semi-Annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	700	-	-	700	54,341	53,524	(817)	1.14%	0.84%
K-Electric Limited - Sukuk V (Face value of 3,250 per certificate)	AA, PACRA	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.70%	11,990	-	-	11,990	39,902	39,649	(253)	0.85%	0.62%
K-Electric Limited - STS - XXII (Face value of Rs 1,000,000 per certificate)	AA, PACRA	Semi - Annually	July 10, 2024	6 months KIBOR plus base rate of 0.15%	-	460	-	460	460,000	460,000	-	9.81%	7.20%
Pak Energy Sukuk - II (Face value of Rs 5,000 per certificate)	AA+, PACRA	Semi - Annually	May 21, 2030	6 months KIBOR plus base rate of -0.10%	-	30,000	-	30,000	150,180	150,180	-	3.20%	2.35%
Total as at June 30, 2024									858,303	853,442	(4,861)	18.20%	13.36%
Total as at June 30, 2023									410,971	395,290	(15,681)	15.47%	7.67%

5.3 Term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of total investments of the Fund	Market value as a percentage of net assets of the Fund
				-- (Rupees in '000) --						--------------- % ---------------	
Commercial banks											
Bank Alfalah Limited	AAA, PACRA	July 5, 2023	20.00%	500,000	-	500,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	July 17, 2023	20.40%	650,000	-	650,000	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	August 7, 2023	20.98%	-	500,000	500,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	August 17, 2023	21.30%	-	650,000	650,000	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	September 7, 2023	20.97%	-	500,000	500,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	September 18, 2023	21.30%	-	650,000	650,000	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	October 9, 2023	20.97%	-	500,000	500,000	-	-	-	-	-
Total as at June 30, 2024								-	-	-	-
Total as at June 30, 2023								1,150,000	1,150,000	45.00%	22.29%

5.4 Certificates of musharakah

Name of the security	Rating	Maturity date	Profit rate	Face Value: As at July 1, 2023	Face Value: Purchased during the year	Face Value: Matured during the year	Face Value: As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Market value as a percentage of total investments of the Fund	Market value as a percentage of net assets of the Fund
				(Rupees in '000)						%	
First Habib Modaraba	AA+, PACRA	July 26, 2023	22.25%	358,246	-	358,246	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	September 20, 2023	22.25%	274,634	-	274,634	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	November 02, 2023	22.25%	-	377,359	377,359	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	December 20, 2023	22.25%	-	289,997	289,997	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	February 02, 2024	22.25%	-	400,132	400,132	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	May 02, 2024	21.50%	-	422,573	422,573	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	August 02, 2024	21.90%	-	245,000	-	245,000	245,000	245,000	5.22%	3.84%
Total as at June 30, 2024								245,000	245,000	5.22%	3.84%
Total as at June 30, 2023								632,880	632,880	24.77%	12.27%

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

	Note	2024	2023
		(Rupees in '000)	
Market value of investments	5.1, 5.2, 5.3 & 5.4	4,689,467	2,555,572
Less: carrying value of investments	5.1, 5.2, 5.3 & 5.4	(4,695,367)	(2,572,665)
		(5,900)	(17,093)

6 PROFIT RECEIVABLE

	2024	2023
Profit receivable on:		
Bank balances	31,766	44,599
Corporate sukuk certificates	59,289	14,947
GoP Ijarah sukuks certificates	154,988	12,971
Term deposit receipts	-	12,935
Certificates of musharakah	8,815	15,454
	254,858	100,906

7 DEPOSITS AND OTHER RECEIVABLES

	Note	2024	2023
Advance tax	7.1	343	343
Security deposit with Central Depository Company of Pakistan Limited		100	100
		443	443

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank balances and debt securities paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholdee. The tax withheld on profit on bank balances and debt securities amounting to Rs. 0.343 million (2023: Rs. 0.343 million).

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

		Note	2024	2023
8	**PRELIMINARY EXPENSES AND FLOATATION COSTS**		**--------(Rupees in '000)--------**	
	At the beginning of the year		329	485
	Less: amortisation during the year	8.1	(156)	(156)
	At the end of the year		173	329

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

		Note	2024	2023
9	**PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY**		**--------(Rupees in '000)--------**	
	Remuneration payable to the Management Company	9.1	6,336	4,954
	Sindh sales tax on remuneration payable to the Management Company	9.2	824	644
	Reimbursement of allocated expenses payable	9.3	2,512	2,145
	Reimbursement of selling and marketing expenses payable	9.4	10,237	4,147
	Sales load payable to the Management Company		2,443	6,878
	Sindh sales tax payable on sales load		309	886
	ADC charges payable including Sindh sales tax		603	363
	Other payable to the Management Company		153	153
			23,417	20,170

9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 6.00% (2023: 6.00%) of net income, subject to floor and capping of 0.50% and 1.25% (2023: 0.50% and 1.25%) per annum of the average net assets of the Fund during the current year. The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs. 9.136 million (2023: Rs. 8.550 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%).

9.3 In accordance with Regulation 60 of the NBFC Regulations 2008, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

Rate applicable from July 1, 2023 to June 23, 2024	Rate applicable from June 24, 2024 to June 30, 2024	Rate applicable from July 1, 2022 to March 15, 2023	Rate applicable from March 16, 2023 to June 30, 2023
0.15% of average annual net assets	0.10% of average annual net assets	0.125% of average annual net assets	0.15% of average annual net assets

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

Rate applicable from July 1, 2023 to June 30, 2024	Rate applicable from July 1, 2022 to March 9, 2023	Rate applicable from March 10, 2023 to June 30, 2023
0.29% of average annual net assets	0.15% of average annual net assets	0.29% of average annual net assets

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

		Note	2024	2023
10	**PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY**		--------(Rupees in '000)--------	
	Trustee fee payable	10.1	406	315
	Sindh sales tax payable on trustee fee	10.2	53	41
			459	356

10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2023: 0.075%) per annum of net assets.

10.2 During the year, an amount of Rs. 0.591 million (2023: Rs. 0.691 million) was charged on account of sales tax at the rate of 13% (2023: 13%) on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

		Note	2024	2023
11	**PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**		--------(Rupees in '000)--------	
	Annual fee payable	11.1	406	1,418

11.1 Under the provisions of the NBFC Regulations, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% (2023: 0.02%) of the average annual net assets of the Fund.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	2024	2023
	---------(Rupees in '000)---------	
Auditors' remuneration payable	420	451
Legal and professional charges payable	228	238
Shariah advisory fee payable	1,904	1,102
Withholding tax payable	82,270	65,113
Capital gain tax payable	30,205	15,723
Printing charges payable	205	74
Bank and settlement charges payable	96	221
Brokerage fee payable	-	15
Other payable	4,839	4,839
	120,167	87,776

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

14 NUMBER OF UNITS IN ISSUE

	2024	2023
	-------------Number of units-------------	
Total units in issue at the beginning of the year	510,856,440	750,442,762
Units issued during the year	926,688,811	1,033,444,476
Less: units redeemed during the year	(806,658,029)	(1,273,030,798)
Total units in issue at the end of the year	630,887,222	510,856,440

15 AUDITORS' REMUNERATION

	2024	2023
	-------------(Rupees in '000)-------------	
Annual audit fee	331	279
Half yearly review	121	102
Other certification	-	100
Out of pocket expenses	83	88
	535	569

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, 2024 to the unit holders in cash, no provision for taxation has been made in these financial statements during the year.

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

17 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current year results is 1.95% (2023: 1.51%) which includes 0.23% (2023: 0.15%) representing government levies such as sales taxes and SECP fee. The TER excluding government levies is 1.72% (2023: 1.36%) which is within the prescribed limit for the ratio is 2.5% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

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

18.6 Details of transactions with related parties / connected persons during the year are as follows:	**2024**	**2023**
	---------(Rupees in '000)---------	
NBP Fund Management Limited - the Management Company		
Remuneration of NBP Fund Management Limited - the Management Company	70,277	65,767
Sindh sales tax on remuneration of the Management Company	9,136	8,550
Reimbursement of allocated expenses	9,026	9,296
Reimbursement of selling and marketing expenses	17,564	13,203
Sales load and Sindh sales tax on sales load	12,001	17,987
ADC (reimbursement) / charges including Sindh sales tax	1,460	134
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the Central Depository Company of Pakistan Limited - the Trustee	4,542	5,319
Sindh sales tax on remuneration of the Trustee	591	691
Settlement charges	18	172
National Bank of Pakistan - Parent company		
Profit on bank balances	588	-
Employees of the Management Company		
Units issued: 14,744,137 units (2023: 19,398,695 units)	159,731	203,062
Dividend re-invest units issued: 15,815 units (2023: 852,868 units)	160	8,567
Units redeemed: 22,118,886 units (2023: 23,398,641 units)	255,172	249,016
Portfolio managed by Management Company		
Units issued: 45,660,012 units (2023: 35,431,730 units)	488,628	359,850
Dividend re-invest units issued: 779,162 units (2023: 556,559 units)	7,870	5,590
Units redeemed: 60,364,065 units (2023: 46,489,639 units)	662,663	497,292

	2024	2023
	---------(Rupees in '000)---------	
Mr. Khalid Mehmood - Chief Financial Officer		
Units issued: Nil units (2023: 95,859 units)	-	1,001
Dividend re-invest units issued: 467 units (2023: 227 units)	5	2
Units redeemed: Nil units (2023: 98,810 units)	-	1,036
K-Electric Limited - common directorship		
Purchase of corporate sukuk certificates	610,000	1,589,067
Income earned on corporate sukuks	75,014	89,176
Income received on corporate sukuks	28,609	87,220
NAFA Islamic Active Allocation Plan - I		
Units issued: Nil units (2023: 752,599 units)	-	8,096
Units redeemed: Nil units (2023: 1,532,474 units)	-	16,988
NAFA Islamic Active Allocation Plan - II		
Units issued: Nil units (2023: 751,061 units)	-	8,050
Units redeemed: Nil units (2023: 1,474,292 units)	-	16,387
NAFA Islamic Active Allocation Plan - III		
Units issued: Nil units (2023: 4,425,903 units)	-	47,420
Units redeemed: Nil units (2023: 6,471,921 units)	-	71,756
NAFA Islamic Active Allocation Plan - IV		
Units issued: Nil units (2023: 4,569,779 units)	-	48,680
Units redeemed: Nil units (2023: 6,637,688 units)	-	71,603
NAFA Islamic Active Allocation Plan - V		
Units issued: Nil units (2023: 2,189,280 units)	-	23,536
Units redeemed: Nil units (2023: 3,170,045 units)	-	35,339
NAFA Islamic Active Allocation Plan - VI		
Units issued: Nil units (2023: 517,405 units)	-	5,571
Units redeemed: Nil units (2023: 790,527 units)	-	8,816
NAFA Islamic Active Allocation Plan - VII		
Units issued: Nil units (2023: 1,075,354 units)	-	11,548
Units redeemed: Nil units (2023: 1,648,352 units)	-	18,355
NAFA Islamic Active Allocation Plan - VIII		
Units issued: Nil units (2023: 2,146,336 units)	-	23,095
Units redeemed: Nil units (2023: 2,927,461 units)	-	32,112

		2024	2023
18.7	**Amounts / balances outstanding as at year end are as follows**	---------(Rupees in '000)---------	
	NBP Fund Management Limited - the Management Company		
	Remuneration payable to the Management Company	6,336	4,954
	Sindh sales tax on remuneration payable to the Management Company	824	644
	Reimbursement of allocated expenses payable	2,512	2,145
	Sales load payable to the Management Company	2,443	6,878
	Sindh sales tax payable on sales load	309	886
	ADC charges payable including Sindh sales tax	603	363
	Reimbursement of selling and marketing expenses payable	10,237	4,147
	Other payable	153	153
	Central Depository Company of Pakistan Limited - the Trustee		
	Remuneration payable to the Trustee	406	315
	Sindh sales tax payable on the Trustee remuneration	53	41
	Settlement charges payable	2	141
	Security deposit with Central Depository Company of Pakistan Limited - the Trustee	100	100
	National Bank of Pakistan - Parent company		
	Bank balances	3,149	9,476
	Employees of the Management Company		
	Units held: 2,076,012 units (2023: 9,411,545 units)	21,014	95,018
	Portfolio managed by Management Company		
	Units held: 15,625,828 units (2023: 28,708,399 units)	158,172	298,342
	Mr. Khalid Mehmood - Chief Financial Officer		
	Units held: 3,291 units (2023: 2,824 units)	33	28
	K-Electric Limited - common directorship		
	Corporate sukuk certificates held	499,649	51,891
	Profit receivable on corporate sukuk certificates	48,361	1,956

			2024	2023
19	**CASH AND CASH EQUIVALENTS**	**Note**	----------(Rupees in '000)----------	
	Bank balances	4	1,468,843	2,659,793
	Term deposit receipts *	5.3	-	1,150,000
	Certificates of musharakah *	5.4	245,000	632,880
			1,713,843	4,442,673

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2024		
	At amortised cost	At fair value through profit or loss	Total
	---- (Rupees in '000) ----		
Financial assets			
Bank balances	1,468,843	-	1,468,843
Investments	-	4,689,467	4,689,467
Profit receivable	254,858	-	254,858
Receivable against transfer of units	183,828	-	183,828
Deposits	100	-	100
	1,907,629	4,689,467	6,597,096
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	23,417	-	23,417
Payable to Central Depository Company of Pakistan Limited - the Trustee	459	-	459
Payable against redemption of units	67,020	-	67,020
Accrued expenses and other liabilities	7,692	-	7,692
	98,588	-	98,588

	2023		
	At amortised cost	At fair value through profit or loss	Total
	---- (Rupees in '000) ----		
Financial assets			
Bank balances	2,659,793	-	2,659,793
Investments	-	2,555,572	2,555,572
Profit receivable	100,906	-	100,906
Receivable against transfer of units	23,672	-	23,672
Deposits	100	-	100
	2,784,471	2,555,572	5,340,043
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	20,170	-	20,170
Payable to Central Depository Company of Pakistan Limited - the Trustee	356	-	356
Payable against redemption of units	73,434	-	73,434
Accrued expenses and other liabilities	6,940	-	6,940
	100,900	-	100,900

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

21.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks, investments in GoP ijarah sukuks, corporate sukuk certificates and certificates of musharakah. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds bank balances, KIBOR based corporate sukuk certificates and GoP Ijarah sukuk which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 41.87 million (2023: Rs. 33.39 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds certificates of musharakah and term deposit receipts which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been lower / higher by Rs. 19.53 million (2023: Rs. 17.83 million).

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

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

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

	2024					
	Effective yield / profit rate (%)	Exposed to yield / profit rate risk: Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / profit rate risk	Total
	---------------- (Rupees in '000) ----------------					
Financial assets						
Bank balances	10.00 - 19.85	1,450,526	-	-	18,317	1,468,843
Investments	16.19 - 24.08	1,400,416	2,088,862	1,200,189	-	4,689,467
Profit receivable		-	-	-	254,858	254,858
Receivable against transfer of units		-	-	-	183,828	183,828
Deposits		-	-	-	100	100
		2,850,942	2,088,862	1,200,189	457,103	6,597,096

	2024					
	Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
Financial liabilities		-- (Rupees in '000) --				
Payable to NBP Fund Management Limited - the Management Company		-	-	-	23,417	23,417
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	459	459
Payable against redemption of units		-	-	-	67,020	67,020
Accrued expenses and other liabilities		-	-	-	7,692	7,692
		-	-	-	98,588	98,588
On-balance sheet gap (a)		2,850,942	2,088,862	1,200,189	358,515	6,498,508
Off-balance sheet gap (b)		-	-	-		
Total profit rate sensitivity gap (a +b)		2,850,942	2,088,862	1,200,189		
Cumulative profit rate sensitivity gap		2,850,942	4,939,804	6,139,993		

	2023					
	Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Up to three months	More than three months and up to one year	More than one year		
Financial assets		-- (Rupees in '000) --				
Bank balances	10.00 - 20.25	2,566,599	-	-	93,194	2,659,793
Investments	14.80 - 22.50	2,106,328	449,244	-	-	2,555,572
Profit receivable		-	-	-	100,906	100,906
Receivable against transfer of units		-	-	-	23,672	23,672
Deposits		-	-	-	100	100
		4,672,927	449,244	-	217,872	5,340,043
Financial liabilities						
Payable to NBP Fund Management Limited - the Management Company		-	-	-	20,170	20,170
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	356	356
Payable against redemption of units		-	-	-	73,434	73,434
Accrued expenses and other liabilities		-	-	-	6,940	6,940
		-	-	-	100,900	100,900
On-balance sheet gap (a)		4,672,927	449,244	-	116,972	5,239,143
Off-balance sheet gap (b)		-	-	-		
Total profit rate sensitivity gap (a +b)		4,672,927	449,244	-		
Cumulative profit rate sensitivity gap		4,672,927	5,122,171	5,122,171		

(ii) Currency risk

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

(iii) Price risk

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

21.2 Liquidity risk

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

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

As per the NBFC Regulations, 2008, the Fund can borrow in the short term to ensure settlement, the maximum limit of which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current 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 ended June 30, 2024.

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

	2024						
	Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	23,417	-	-	-	-	-	23,417
Payable to Central Depository Company of Pakistan Limited - the Trustee	459	-	-	-	-	-	459
Payable against redemption of units	67,020	-	-	-	-	-	67,020
Accrued expenses and other liabilities	7,272	420	-	-	-	-	7,692
	98,168	420	-	-	-	-	98,588

	2023						
	Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total
	(Rupees in '000)						
Financial liabilities							
Payable to NBP Fund Management Limited - the Management Company	20,170	-	-	-	-	-	20,170
Payable to Central Depository Company of Pakistan Limited - the Trustee	356	-	-	-	-	-	356
Payable against redemption of units	73,434	-	-	-	-	-	73,434
Accrued expenses and other liabilities	6,489	451	-	-	-	-	6,940
	100,449	451	-	-	-	-	100,900

21.3 Credit risk

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

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	(Rupees in '000)		(Rupees in '000)	
Financial assets				
Bank balances	1,468,843	1,468,843	2,659,793	2,659,793
Investments	4,689,467	1,098,442	2,555,572	2,178,170
Profit receivable	254,858	99,870	100,906	87,935
Receivable against transfer of units	183,828	183,828	23,672	23,672
Deposits	100	100	100	100
	6,597,096	2,851,083	5,340,043	4,949,670

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

21.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon and investments in corporate sukuk certificates, term deposit receipts, certificates of musharakah and profit accrued thereon. The credit rating profile of banks, corporate sukuk certificates, term deposit receipts and certificates of musharakah are as follows:

Rating	% of financial assets exposed to credit risk	
	2024	**2023**
Bank balances		
AAA	2.01%	24.74%
AA+ *	-	1.22%
AA	1.54%	0.07%
AA-	12.44%	7.34%
A+	6.75%	17.27%
A-	0.01%	0.01%
Corporate sukuk certificates		
AA+	0.84%	3.20%
AA	0.08%	-
AA-	2.36%	4.73%
Term deposit receipts		
AA+	-	9.50%
AA	-	12.28%
Certificates of musharakah		
AA+	3.85%	12.14%

21.3.3 Concentration of credit risk

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

22 FAIR VALUE MEASUREMENT

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

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

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

22.1 Fair value hierarchy

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

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

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

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

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

	As at June 30, 2024			
	Level 1	Level 2	Level 3	Total
At fair value through profit or loss	(Rupees in '000)			
GoP Ijarah sukuks certificates	1,115,158	2,475,867	-	3,591,025
Corporate sukuk certificates	-	853,442	-	853,442
Certificates of musharakah *	-	245,000	-	245,000
	1,115,158	3,574,309	-	4,689,467

	As at June 30, 2023			
	Level 1	Level 2	Level 3	Total
At fair value through profit or loss	(Rupees in '000)			
GoP Ijarah sukuks certificates	-	377,402	-	377,402
Corporate sukuk certificates	-	395,290	-	395,290
Term deposit receipts *	-	1,150,000	-	1,150,000
Certificates of musharakah *	-	632,880	-	632,880
	-	2,555,572	-	2,555,572

23 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 21, 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.

24 UNIT HOLDING PATTERN OF THE FUND

Category	2024			2023		
	Number of unit holders	Investment amount	Percentage of total	Number of unit holders	Investment amount	Percentage of total
		(Rupees in '000)			(Rupees in '000)	
Individuals	3,256	4,845,970	75.88%	2,854	4,031,683	78.17%
Insurance companies	2	95,927	1.50%	3	64,948	1.26%
Retirement funds	49	1,224,654	19.18%	31	781,313	15.15%
Others	31	219,592	3.44%	32	279,617	5.42%
	3,338	6,386,143	100.00%	2,920	5,157,561	100.00%

25 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024 Percentage of commission paid	Name of broker	2023 Percentage of commission paid
AKD Securities Limited	57.55%	Magenta Capital (Private) Limited	49.10%
Next Capital Limited	1.26%	Next Capital Limited	37.35%
J.S. Global Capital Limited	20.22%	Bright Capital (Private) Limited	13.55%
Summit Capital (Private) Limited	20.97%		
	100.00%		100.00%

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

26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	36
Asim Wahab Khan	Chief Investment Officer	CFA	18
Salman Ahmed (note 26.1)	Head of Fixed Income	CFA	19
Hassan Raza	Head of Research	ACCA / BSC / CFA	13
Usama Bin Razi	Senior Manager Fixed Income	BE, MBA	20

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

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

27 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

28 GENERAL

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

29 DATE OF AUTHORISATION FOR ISSUE

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2024	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2021
Net assets (Rs. '000')	6,386,143	5,157,561	7,533,210	3,246,657
Net Income (Rs. '000')	1,131,294	1,023,637	464,452	77,270
Net Asset Value per units (Rs.)	10.1225	10.0959	10.0384	10.0136
Offer price per unit	10.2369	10.2100	10.1518	10.1268
Redemption price per unit	10.1225	10.0959	10.0384	10.0136
Ex - Highest offer price per unit (Rs.)	10.2369	10.2100	10.1518	10.1268
Ex - Lowest offer price per unit (Rs.)	8.4794	8.8204	9.2785	9.4569
Ex - Highest redemption price per unit (Rs.)	10.1225	10.0959	10.0384	10.0136
Ex - Lowest redemption price per unit (Rs.)	8.3847	8.7218	9.1748	9.4569
Since Inception Ex Nav	8.3807	8.7187	9.1731	9.4569
Total return of the fund	20.72%	15.80%	9.43%	6.69%
Capital growth	0.26%	0.66%	0.27%	1.00%
Income distribution as % of Ex-NAV	20.47%	15.14%	9.16%	5.69%
Income distribution as % of Par Value	20.66%	15.20%	9.18%	5.69%
Interim distribution per unit	2.0663	1.5195	0.9175	0.1121
Final distribution per unit			-	0.4571
Distribution dates				
Interim	26-Jun-24	21-Jun-23	24-Jun-22	14-Oct-20
Final		-	-	23-Jun-21
Average annual return (launch date 13-08-2020)				
(Since inception to June 30, 2024)	13.24%			
(Since inception to June 30, 2023)		10.75%		
(Since inception to June 30, 2022)			8.16%	
(Since inception to June 30, 2021)				6.69%
Weighted average portfolio duration	73 Days	23 Days	13 Days	36 Days

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