



Managing Your Savings



اسلامک سیونگز

Islamic Savings

NBP Fund Management Limited



NBP ISLAMIC INCOME FUND

ANNUAL REPORT
JUNE 30, 2025

AM1
Rated by PACRA

MISSION STATEMENT

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

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	07
TRUSTEE REPORT TO THE UNIT HOLDERS	13
FUND MANAGER REPORT	14
STATEMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES	16
REPORT OF THE SHARI'AH SUPERVISORY BOARD	17
INDEPENDENT ASSURANCE REPORT ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2023	18
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS	20
STATEMENT OF ASSETS AND LIABILITIES	23
INCOME STATEMENT	24
STATEMENT OF COMPREHENSIVE INCOME	25
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	26
CASH FLOW STATEMENT	27
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	28
PERFORMANCE TABLE	54

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. Faisal Ahmed	Director
Mr. Umar Ahsan Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Zaheer Iqbal

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Ms. Mehnaz Salar	Member
Mr. Imran Zaffar	Member
Mr. Umar Ahsan 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

Trustee

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



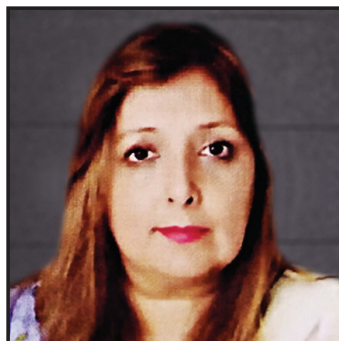
Mr. Faisal Ahmed
Director



Mr. Ali Saigol
Director



Mr. Umar Ahsan Khan
Director



Ms. Mehnaz Salar
Director



Mr. Imran Zaffar
Director

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 Ali Khan
Chief Technology Officer



Mr. Zaheer Iqbal, ACA FPFA
Chief Financial Officer



Mr. Raza Jafri
Head of Portfolio &
Investment Advisory



Mr. Salman Ahmed, CFA
Head of Fixed Income



Mr. Muhammad Umer Khan
Head of Human Resources &
Administration



Syed Sharoz Mazhar, CFA
Head of Business &
Sales Strategy



Mr. Hassan Raza, CFA
Head of Equity



Mr. Waheed Abidi
Head of Internal Audit



Mr. Mustafa Farooq
Head of Compliance,
Risk & Legal



Mr. Muhammad Waseem
Head of Research

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 5th Annual Report of **NBP Islamic Income Fund (NBP-IIF)** for the year ended June 30, 2025.

Fund's Performance

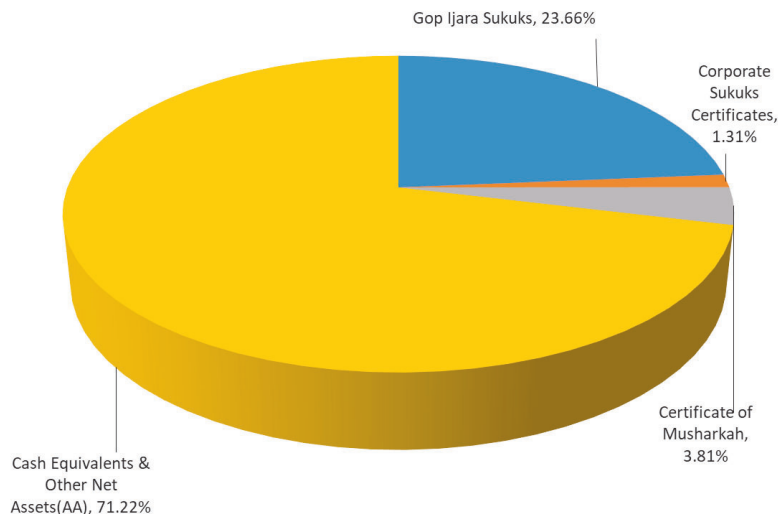
The market witnessed some fresh issuance of shariah compliant corporate sukuks, which helped the undersupplied market for the shariah compliant debt securities. During FY25, Pakistan's Monetary Policy Committee (MPC) reduced the Policy Rate significantly from 20.5% to 11%, responding to a sustained decline in inflation, and considerable improvement on the external front. This easing cycle was underpinned by stable global commodity prices, moderation in food and energy inflation, softening market yields, and strong remittance inflows. The country's FX reserves increased from \$9.39 billion in July 2024 to \$14.31 billion by the end of FY25. This surge was driven by multilateral inflows and disciplined macroeconomic management particularly on the external front.

Real GDP grew by 2.7% in FY25, falling short of the government's target of 3.6%. Inflation averaged 4.5%, significantly below the budgeted target of 12%, driven by declining food and fuel prices, prudent monetary policy, and favorable base effect. Despite notable gains, the MPC maintained a cautious stance, flagging downside risks from tariff adjustments, global economic uncertainty, fiscal slippages, and challenges in revenue mobilization. The SBP emphasized the critical role of structural reforms, continued fiscal discipline, and coherent policy execution to reinforce stability and sustain the recovery into FY26.

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. 6,386 million to Rs. 13,489 million, 2.11 times during the period. During the period, the unit price of the Fund has increased from Rs. 8.9065 (Ex-Div) on June 30, 2024 to Rs. 10.1348 on June 30, 2025, thus showing a return of 13.8% as compared to the benchmark return of 10.4% 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. 1,291.27 million during the year. After deducting total expenses of Rs. 164.34 million, the net income is Rs. 1,126.93 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 13.65% of the opening ex-NAV (13.82% of the par value) during the year ended June 30, 2025.

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, has completed their five years tenure in the capacity of Auditor of the Fund. As per the requirement of Regulation 38(2)(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the replacement would be required. The Board has approved the appointment of Messrs Grant Thornton Anjum Rahman Chartered Accountants, for appointment for the year ending June 30, 2026.

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 eight meetings during the year. The attendance of all directors is disclosed in the note 28 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 25 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, 2025, the Board included:

Category	Names
Independent Directors	1. Mr. Khalid Mansoor 2. Mr. Saad Amanullah Khan 3. Mr. Umar Ahsan Khan
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	1. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Faisal Ahmed 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: August 21, 2025
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بھد مسرت 30 جون 2025 کو ختم ہونے والے سال کے لئے NBP اسلامک انکم فنڈ (NBP-IIF) کی پانچویں سالانہ رپورٹ پیش کرتے ہیں۔

فنڈ کی کارکردگی

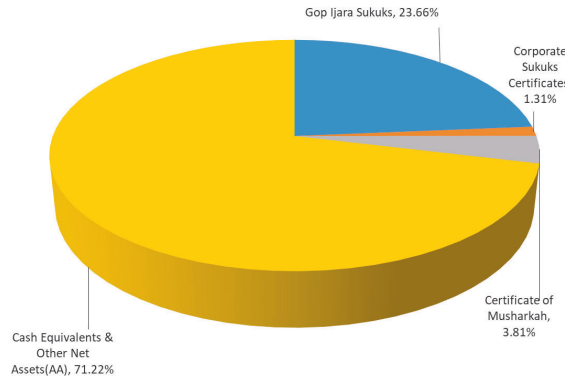
مارکیٹ نے چند شریعہ کمپلائنسٹ کارپوریٹ سکوک کے نئے اجراء کا مشاہدہ کیا، جس نے شریعہ کمپلائنسٹ ڈیٹ سیکورٹیز کی زیر سپلائی مارکیٹ کی مدد کی۔ مالی سال 2025 کے دوران، پاکستان کی موٹیویٹی پالیسی کمیٹی (MPC) نے پالیسی ریٹ کو نمایاں طور پر 20.5% سے کم کر کے 11% کر دیا۔ اس اقدام کی بنیادی وجہ مہنگائی میں مسلسل کمی اور بیرونی محاذ پر قابل ذکر بہتری تھی۔ ریٹ میں اس نرمی کے پیچھے عالمی کموڈٹی قیمتوں کا استحکام، خوراک اور توانائی کی مہنگائی میں کمی، مارکیٹ ییلڈز میں نرمی اور ترسیلات زر میں مضبوط اضافہ شامل تھے۔ ملک کے زرمبادلہ کے ذخائر جولائی 2024 میں 9.39 ارب ڈالر سے بڑھ کر مالی سال 2025 کے اختتام تک 14.31 ارب ڈالر تک پہنچ گئے۔ ذخائر میں یہ اضافہ کثیر الجہتی اداروں سے موصولہ رقوم اور بیرونی محاذ پر نظم و ضبط پر مبنی میکرو اکنامک مینجمنٹ کے باعث ممکن ہوا۔

حقیقی جی ڈی پی مالی سال 2025 میں 2.7% بڑھا، جو حکومت کے ہدف 3.6% سے کم رہا۔ مہنگائی اوسطاً 4.5% رہی جو بجٹ ہدف 12% سے نمایاں طور پر کم تھی۔ اس کی بنیادی وجوہات میں خوراک اور ایندھن کی قیمتوں میں کمی، محتاط مانیٹری پالیسی، اور ایس ایف کے مثبت اثرات شامل تھے۔ اگرچہ نمایاں بہتری ریکارڈ کی گئی مگر موٹیویٹی پالیسی کمیٹی (MPC) نے محتاط رویہ برقرار رکھا اور ٹیرف ایڈجسٹمنٹس، عالمی معاشی غیر یقینی صورتحال، مالیاتی کمزوریاں اور یونیونو اکتھا کرنے میں مشکلات کو خطرات کے طور پر اجاگر کیا۔ اسٹیٹ بینک نے اس بات پر زور دیا کہ ڈھانچہ جاتی اصلاحات، مسلسل مالیاتی نظم و ضبط اور مربوط پالیسی کے نفاذ سے استحکام کو مزید تقویت دی جاسکتی ہے اور مالی سال 2026 میں بحالی کا تسلسل برقرار رکھا جاسکتا ہے۔

NBP-IIF کی درجہ بندی بطور شریعہ کمپلائنسٹ 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 سیکورٹیز اور مٹنی مارکیٹ کے آلات میں سرمایہ کاری کر کے مسابقتی منافع فراہم کرنا ہے۔ فنڈ اسلامک بینکوں، روایتی بینکوں کی اسلامک برانچز اور فنڈز 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 مٹنی مارکیٹ کے آلات اور ڈیٹ سیکورٹیز میں سرمایہ کاری کرنے کی اجازت ہے۔ فنڈ ایکٹیوٹی میں سرمایہ کاری کرنے کا مجاز نہیں ہے۔ گورنمنٹ سیکورٹیز کے علاوہ فنڈ کی میچورٹی کی اوسط مدت 4 سال سے زیادہ نہیں ہو سکتی ہے۔

NBP اسلامک انکم فنڈ کا سائز 6,386 ملین روپے سے بڑھ کر اس مدت کے دوران 13,489 ملین روپے ہو گیا یعنی 2.11 گنا اضافہ ہوا۔ سال کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2024 کو 8.9065 (Ex-Div) روپے سے بڑھ کر 10.1348 روپے ہو گئی، چنانچہ اس مدت کے لئے 10.4% شیئنگ مارک منافع کے مقابلے میں 13.8% کا منافع درج کیا۔ فنڈ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد حاصل ہے۔

فنڈ کو اس مدت کے دوران 1,291.27 ملین روپے کی آمدنی ہوئی۔ 164.34 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1,126.93 ملین روپے ہے۔ درج ذیل چارٹ NBP-IIF کی ایسیٹ ایلوکیشن اور ہر ایک ایسیٹ کلاسوں کی اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



آمدنی کی تقسیم

مینجمنٹ کمیٹی کے بورڈ آف ڈائریکٹرز نے 30 جون 2026 کو ختم ہونے والے سال کے لئے اوپننگ ex-NAV کا 13.65% (بنیادی قدر کا 13.82%) 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 کپٹل گین منہا کرنے کے بعد 90 فیصد سے زائد ہے، اس لئے فنڈ پر آکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے حصہ اول کی شق 99 کے تحت ٹیکس لاگو نہیں ہوتا ہے۔

آڈیٹرز

موجودہ آڈیٹر، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے فنڈ کے آڈیٹ کی کپسٹی میں اپنی پانچ سالوں کی مدت پوری کر لی ہے۔ نان بیکننگ فنانس کمپنیز کے ریگولیشن (h)(2) اور نوٹیفکیشن ریگولیشنز، 2008 کے تقاضے کے مطابق ان کی تبدیلی ضروری ہوگی۔ بورڈ نے 30 جون 2026 کو ختم ہونے والے سال کے لیے تقرری کے لئے خود کو پیش کرنے والے میسرز گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس کی تقرری کی منظوری دی ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریشن گورننس) ریگولیشنز 2019 میں شامل بہترین حوالہ کی بیرونی میں ڈائریکٹرز اسٹیٹمنٹ

- 1 منجھت کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلواور پونٹ ہولڈرز فنڈز میں تبدیلی کی مصفاغہ 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۔ شہریاتی 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 و شبہات نہیں ہیں۔
- 7 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- 8 پرفارمنس ٹیمپل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
- 9 ٹیکسوں، ڈیوٹیوں، 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 منجھت کمپنی کے بورڈ آف ڈائریکٹرز کے آٹھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 28 میں ظاہر کی گئی ہے۔
- 11 پونٹ ہولڈنگ کا تفصیلی پیئرین مالیاتی گوشواروں کے نوٹ 25 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 جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔ 30 جون 2025 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں:

نام	کیٹگری
•1 جناب خالد منصور •2 جناب سعد امان اللہ خان •3 جناب عمر احسن خان	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
•1 شیخ محمد عبدالواحد سیٹھی (چیئر مین) •2 جناب فیصل احمد •3 محترمہ مہناز سالار •4 جناب علی سیگل •5 جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز



اظہار تشکر

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

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 21 اگست 2025ء

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, 2025 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 29, 2025

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

75% six (6) months PKISRV rates + 25% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.*effective from Jan 01, 2025; Previously 6-month average deposit rates of three A rated Islamic Banks/Islamic windows of conventional banks as selected by MUFAP

Fund Performance Review

This is the 5th Annual report since the launch of the Fund on August 13, 2020. The Fund size increased manifold by 2.11 times and stands at Rs. 13.5 billion as of June 30, 2025. Since its inception, the Fund has earned an annualized return of 13.4%% versus the benchmark return of 6.7%, thus registering an outperformance of 6.7% p.a. During FY25, the Fund posted a return of 13.8% as compared to the benchmark return of 10.4% translating into an outperformance of 3.4% 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. During FY25, Pakistan's Monetary Policy Committee (MPC) reduced the Policy Rate significantly from 20.5% to 11%, responding to a sustained decline in inflation, and considerable improvement on the external front. This easing cycle was underpinned by stable global commodity prices, moderation in food and energy inflation, softening market yields, and strong remittance inflows. The country's FX reserves increased from \$9.39 billion in July 2024 to \$14.31 billion by the end of FY25. This surge was driven by multilateral inflows and disciplined macroeconomic management particularly on the external front.

Real GDP grew by 2.7% in FY25, falling short of the government's target of 3.6%. Inflation averaged 4.5%, significantly below the budgeted target of 12%, driven by declining food and fuel prices, prudent monetary policy, and favorable base effect. Despite notable gains, the MPC maintained a cautious stance, flagging downside risks from tariff adjustments, global economic uncertainty, fiscal slippages, and challenges in revenue mobilization. The SBP emphasized the critical role of structural reforms, continued fiscal discipline, and coherent policy execution to reinforce stability and sustain the recovery into FY26.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-25	30-Jun-24
Islamic Commercial Papers	-	-
Corporate Sukuk certificates	1.31%	13.36%
GOP Ijarah Sukuks	23.66%	56.23%
Term Deposit Receipts	-	-
Certificate of Musharika	3.81%	3.84%
Cash Equivalents & Other Assets	71.22%	26.57%
Total	100%	100%

Distribution for the Financial Year 2025

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Interim	13.820%	11.5045	10.1225

Unit Holding Pattern of NBP Islamic Income Fund as on June 30, 2025

Size of Unit Holding (Units)	# of Unit Holders
Less than 1	673
1-1000	2,355
1001-5000	332
5001-10000	168
10001-50000	702
50001-100000	526
100001-500000	1,116
500001-1000000	272
1000001-5000000	206
5000001-10000000	17
10000001-100000000	8
TOTAL	6,375

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, 2025. This has been duly confirmed by the Shari'ah Supervisory Board of the Fund.

For and behalf of the board

Date: **August 21, 2025**
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

REPORT OF THE SHARI'AH SUPERVISORY BOARD

September 23, 2025/ Rabi ul Awal 29, 1447

Alhamdulillah, the period from July 01, 2024 to June 30, 2025 marks the Fifth 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, 2025 are not in compliance with the Shariah principles and rules. The Management Company is advised to comply with the SSB guidelines in true letter and spirit.

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

For and on behalf of Shariah Technical Services & Support

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

Mufti Muhammad Naveed Alam
Member
Shariah Supervisory Board

Mufti Ehsan Waqar
Shariah Advisor & Member
Shariah Supervisory Board

Dr. Imran Ashraf Usmani
Chairman
Shariah Supervisory Board

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

To The Board of Directors of NBP Fund Management Limited

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) - External Shariah Audit of NBP 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, 2025. 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, 2025) 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, 2025, 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, 2025, 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, 2025 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: **September 04, 2025**
Place: Karachi

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

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 / Collective Investment Scheme), which comprise the statement of assets and liabilities as at June 30, 2025, and the income statement, the 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, 2025, 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 the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Net Asset Value (NAV) (Refer notes 5 and 6 to the financial statements)</p> <p>Bank balances and investments constitute the most significant component of the net asset value. The bank balances of the fund as at June 30, 2025 aggregated to Rs. 7,519.920 million and investments amounted to Rs. 3,882.661 million.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2025 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2025 and traced them to 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 these 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, actions taken to eliminate threats or safeguards applied.

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:

- a) the financial statements have been properly prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- b) proper books and records have been kept by the Collective Investment Scheme and the financial statements prepared are in agreement with the books and records of the Collective Investment Scheme; and
- c) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

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: September 04, 2025

UDIN: AR202510061WdMI23jAp

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2025

Assets	Note	2025	2024
		----- (Rupees in '000) -----	
Bank balances	5	7,519,920	1,468,843
Investments	6	3,882,661	4,689,467
Profit receivable	7	85,342	254,858
Receivable against conversion of units		4,700,001	183,828
Deposits and other receivables	8	443	443
Preliminary expenses and floatation costs	9	19	173
Total assets		16,188,386	6,597,612
Liabilities			
Payable to NBP Fund Management Limited - the Management Company	10	18,996	23,417
Payable to Central Depository Company of Pakistan Limited - the Trustee	11	567	459
Payable to the Securities and Exchange Commission of Pakistan	12	493	406
Payable against redemption of units		2,558,021	67,020
Accrued expenses and other liabilities	13	121,576	120,167
Total liabilities		2,699,653	211,469
Net Assets		13,488,733	6,386,143
Unit Holders' Fund (as per statement attached)		13,488,733	6,386,143
Contingencies and commitments	14		
----- Number of units -----			
Number of units in issue	15	1,330,937,637	630,887,222
----- Rupees -----			
Net Asset Value per unit		10.1348	10.1225

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

Income	Note	2025 ----(Rupees in '000)----	2024
Income on corporate sukuk certificates		70,467	139,297
Income on Government Securities		600,141	514,092
Income on term deposit receipts		107,512	58,387
Income on bai muajjal		93,654	-
Income on certificates of musharakah		43,174	111,543
Profit on savings accounts with banks		351,235	427,736
(Loss) / gain on sale of investments - net		(3,981)	4,405
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	6.6	29,073	(5,900)
Total income		<u>1,291,275</u>	<u>1,249,560</u>
Expenses			
Remuneration of NBP Fund Management Limited - Management Company	10.1	104,379	70,277
Sindh sales tax on remuneration of the Management Company	10.2	15,657	9,136
Reimbursement of allocated expenses	10.3	6,051	9,026
Sindh sales tax on reimbursement of allocated expenses		908	-
Reimbursement of selling and marketing expenses	10.4	16,913	17,564
Sindh sales tax on reimbursement of selling and marketing expenses		2,537	-
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	11.1	6,763	4,542
Sindh sales tax on remuneration of the Trustee	11.2	1,014	591
Fee to the Securities and Exchange Commission of Pakistan	12.1	6,763	4,542
Amortisation of preliminary expenses and floatation costs	9	154	156
Auditors' remuneration	16	1,116	535
Legal and professional charges		180	150
Annual listing fee		31	31
Shariah advisory fee		855	802
Settlement and bank charges		619	326
Printing charges		31	170
Brokerage fee		116	190
Annual rating fee		255	228
Total expenses		<u>164,342</u>	<u>118,266</u>
Net income for the year before taxation		<u>1,126,933</u>	<u>1,131,294</u>
Taxation	17	-	-
Net income for the year after taxation		<u>1,126,933</u>	<u>1,131,294</u>
Allocation of net profit for the year			
Net income for the year after taxation		1,126,933	1,131,294
Income already paid on units redeemed		(851,493)	(566,748)
		<u>275,440</u>	<u>564,546</u>
Accounting income available for distribution			
- Relating to capital gains		25,092	-
- Excluding capital gains		250,348	564,546
		<u>275,440</u>	<u>564,546</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	----- (Rupees in '000) -----	
Net income for the year after taxation	1,126,933	1,131,294
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,126,933</u>	<u>1,131,294</u>

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2025

	2025			2024		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Net assets at the beginning of the year	6,323,316	62,827	6,386,143	5,110,294	47,267	5,157,561
Issuance of 2,674,488,190 units (2024: 926,688,811 units)						
- Capital value (at net asset value per unit at the beginning of the year)	27,072,507	-	27,072,507	9,355,758	-	9,355,758
- Element of income	1,088,558	-	1,088,558	823,505	-	823,505
Total proceeds on issuance of units	28,161,065	-	28,161,065	10,179,263	-	10,179,263
Redemption of 1,974,437,775 units (2024: 806,658,029 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(19,986,246)	-	(19,986,246)	(8,143,939)	-	(8,143,939)
- Element of loss	(807,818)	(851,493)	(1,659,311)	(420,058)	(566,748)	(986,806)
Total payments on redemption of units	(20,794,064)	(851,493)	(21,645,557)	(8,563,997)	(566,748)	(9,130,745)
Total comprehensive income for the year	-	1,126,933	1,126,933	-	1,131,294	1,131,294
Interim distribution for the year ended June 30, 2025						
@ Rs. 1.382 per unit declared on June 24, 2025	(275,721)	(264,130)	(539,851)	-	-	-
(2024: Rs. 2.066 per unit declared on June 26, 2024)	-	-	-	(402,244)	(548,986)	(951,230)
	(275,721)	(264,130)	(539,851)	(402,244)	(548,986)	(951,230)
Net assets at the end of the year	13,414,596	74,137	13,488,733	6,323,316	62,827	6,386,143
Undistributed income brought forward						
- Realised income		68,727			64,360	
- Unrealised loss		(5,900)			(17,093)	
		62,827			47,267	
Accounting income available for distribution:						
- Relating to capital gains	25,092			-		
- Excluding capital gains	250,348			564,546		
	275,440			564,546		
Distribution during the year		(264,130)			(548,986)	
Undistributed income carried forward		74,137			62,827	
Undistributed income carried forward:						
- Realised income		45,064			68,727	
- Unrealised gain / (loss)		29,073			(5,900)	
		74,137			62,827	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			10.1225			10.0959
Net asset value per unit at the end of the year			10.1348			10.1225

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

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 ------(Rupees in '000)-----	2024 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,126,933	1,131,294
Adjustments:			
Income on corporate sukuk certificates		(70,467)	(139,297)
Income on Government Securities		(600,141)	(514,092)
Income on term deposit receipts		(107,512)	(58,387)
Income on bai muajjal		(93,654)	-
Income on certificates of musharakah		(43,174)	(111,543)
Profit on savings accounts with banks		(351,235)	(427,736)
Unrealised appreciation / (diminution) on re-measurement of investments financial assets at fair value through profit or loss' - net	6.6	(29,073)	5,900
Loss / (gain) on sale of investments - net		3,981	(4,405)
Amortisation of preliminary expenses and floatation costs	9.1	154	156
		(1,291,121)	(1,249,404)
Decrease / (increase) in assets			
Investments - net		1,101,384	(3,673,270)
		1,101,384	(3,673,270)
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - the Management Company		(4,421)	3,247
Payable to Central Depository Company of Pakistan Limited - the Trustee		108	103
Payable to the Securities and Exchange Commission of Pakistan		87	(1,012)
Accrued expenses and other liabilities		1,409	32,391
		(2,817)	34,729
Profit received on investments and savings accounts		1,435,699	1,097,103
Net cash generated from / (used in) from operating activities		2,370,078	(2,659,548)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received against issuance of units - net of refund of capital		23,369,171	9,616,863
Amount paid against redemption of units		(19,154,556)	(9,137,159)
Dividend paid		(264,130)	(548,986)
Net cash generated from / (used in) financing activities		3,950,485	(69,282)
Net increase / (decrease) in cash and cash equivalents during the year		6,320,563	(2,728,830)
Cash and cash equivalents at the beginning of the year		1,713,843	4,442,673
Cash and cash equivalents at the end of the year	19	8,034,406	1,713,843

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

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 ("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 Limited (PACRA) has maintained the asset manager rating of the Management Company of AM1 on May 05, 2025 (2024: AM1 on June 21, 2024). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund at "A+(f)" dated April 17, 2025 (2024: "A+(f)" dated April 09, 2024).
- 1.6 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 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.

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

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, 2024. 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 detailed in these financial statements.

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

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2025. However, these are not considered to be relevant or will not have any material effect on the Fund's financial statements.

- 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; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers with effective date of January 1, 2026. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3.4 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 4.2 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been classified as 'at fair value through profit or loss' and which are measured at fair value. The details in respect of valuation techniques under IFRS 13 'Fair Value Measurement' used for the fair valuation of financial assets have been disclosed in note 22.

3.6 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost.

These comprise of 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.

4.2 Financial assets

4.2.1 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.

4.2.2 Classification and Subsequent measurement

Debt instruments (includes investment in Corporate Sukuks, Certificate of Musharaka and Government Securities)

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.

4.2.3 Impairment (other than debt securities)

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and 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.

4.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and 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, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's Circular.

4.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

4.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, the Fund has transferred substantially all the risks and rewards of ownership or the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control. Any gain or loss on derecognition of financial assets is taken to the income statement.

4.3 Financial liabilities

4.3.1 Classification and subsequent measurement

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.

4.3.2 Derecognition

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.

4.4 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.

4.5 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.

4.6 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.

4.7 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 of the day when the application is received. The offer price represents the Net Asset Value (NAV) as of the close of the business day, plus the allowable sales load and provision of any duties and charges and provision for transaction costs if applicable.

Units redeemed are recorded at the redemption price applicable on the date on which the Management Company / distributors receive redemption application during business hours of the day when the application is received. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.8 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.

4.9 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 / (loss) 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.

4.10 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 bank balances is recognised on accrual basis.

4.11 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.

4.12 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.

4.13 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

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

5	BANK BALANCES	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
	Balances with banks in:			
	Savings accounts	5.1	7,504,190	1,450,526
	Current accounts		15,730	18,317
			<u>7,519,920</u>	<u>1,468,843</u>

5.1 These include balance of Rs. 0.962 million (2024: Rs. 3.15 million) maintained with National Bank of Pakistan (a related party), that carry profit at the rate 6.00% (2024: 10.00%) per annum. Other savings accounts of the Fund carry profit at the rate ranging from 0.1% to 10.60% (2024: 10.00% to 19.85%) per annum.

6	INVESTMENTS	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
	At fair value through profit or loss			
	Government securities	6.1	3,190,805	3,591,025
	Corporate sukuk certificates	6.2	177,370	853,442
	Term deposit receipts	6.3	-	-
	Certificates of musharakah	6.4	514,486	245,000
	Bai muajjal	6.5	-	-
			<u>3,882,661</u>	<u>4,689,467</u>

6.1 Government securities

Name of the security	Maturity date	Profit rate / Yield	As at July 1, 2024	Purchased during the year	Sold / matured during the year	As at June 30, 2025	Carrying value as at June 30, 2025	Market value as at June 30, 2025	Unrealised appreciation / (diminution)	Market value as a percentage of	
			-----Number of certificates-----			----- (Rupees in '000) -----		----- % -----			
GoP Ijarah sukuk GIS - VRR - XIX (Face value of Rs. 100,000 per certificate)	May 29, 2025	Weighted average 6 months T-Bills	1,000	-	1,000	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXV (Face value of Rs. 100,000 per certificate)	April 27, 2027	Weighted average 6 months T-Bills	38	-	-	38	3,826	3,853	27	0.10%	0.03%

NBP ISLAMIC INCOME FUND



NBP FUNDS
Managing Your Savings

NBP Fund Management Limited

Name of the security	Maturity date	Profit rate / Yield	As at July 1, 2024	Purchased during the year	Sold / matured during the year	As at June 30, 2025	Carrying value as at June 30, 2025	Market value as at June 30, 2025	Unrealised appreciation / (diminution)	Market value as a percentage of	
			Number of certificates			(Rupees in '000)				total investments of the Fund	net assets of the Fund
										%	
GoP Ijarah sukuk GIS - VRR - XXVI (Face value of Rs. 100,000 per certificate)	October 26, 2027	Weighted average 6 months T-Bills	2,750	-	2,750	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXXVII (Face value of Rs. 100,000 per certificate)	August 7, 2024	Weighted average 6 months T-Bills	5,450	1	5,451	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XXXIX (Face value of Rs. 100,000 per certificate)	October 9, 2024	Weighted average 6 months T-Bills	7,550	7,500	15,050	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XL (Face value of Rs. 100,000 per certificate)	December 4, 2024	Weighted average 6 months T-Bills	250	-	250	-	-	-	-	-	-
GoP Ijarah sukuk GIS - VRR - XLI (Face value of Rs. 100,000 per certificate)	December 4, 2026	Weighted average 6 months T-Bills	750	-	-	750	74,865	75,465	600	1.94%	0.56%
GoP Ijarah sukuk GIS - VRR - XLII (Face value of Rs. 100,000 per certificate)	December 4, 2028	Weighted average 6 months T-Bills	1,000	-	-	1,000	100,160	101,380	1,220	2.61%	0.75%
GoP Ijarah sukuk GIS - FRR - XXXIII (Face value of Rs. 100,000 per certificate)	December 4, 2026	16.19%	1,500	-	-	1,500	150,165	161,385	11,220	4.16%	1.20%
GoP Ijarah sukuk GIS - FRR - XXXII (Face value of Rs. 100,000 per certificate)	October 9, 2024	22.49%	4,400	-	4,400	-	-	-	-	-	-
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	January 24, 2027	Weighted average 6 months T-Bills	35,000	-	-	35,000	175,875	177,433	1,558	4.57%	1.32%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	January 24, 2029	Weighted average 6 months T-Bills	35,000	-	-	35,000	175,350	179,883	4,533	4.63%	1.33%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	December 9, 2024	19.52%	165,032	-	165,032	-	-	-	-	-	-
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	July 25, 2025	17.22%	-	30,000	-	30,000	148,550	149,085	535	3.84%	1.11%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	June 28, 2027	Weighted average 6 months T-Bills	-	5,000	-	5,000	25,449	25,243	(206)	0.65%	0.19%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	June 28, 2029	Weighted average 6 months T-Bills	-	5,000	-	5,000	25,565	25,265	(300)	0.65%	0.19%
GoP Ijarah sukuk GIS - VRR - XXIII (Face value of Rs. 100,000 per certificate)	October 6, 2026	Weighted average 6 months T-Bills	-	12,000	10,500	1,500	153,030	151,620	(1,410)	3.91%	1.12%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	August 15, 2025	15.99%	-	10,000	-	10,000	49,150	49,420	270	1.27%	0.37%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	September 17, 2025	15.00%	-	150,000	-	150,000	729,087	733,950	4,863	18.90%	5.44%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	September 18, 2027	Weighted average 6 months T-Bills	-	52,500	-	52,500	262,500	264,626	2,126	6.82%	1.96%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	September 18, 2029	Weighted average 6 months T-Bills	-	12,500	-	12,500	62,500	63,644	1,144	1.64%	0.47%

Name of the security	Maturity date	Profit rate / Yield	As at July 1, 2024	Purchased during the year	Sold / matured during the year	As at June 30, 2025	Carrying value as at June 30, 2025	Market value as at June 30, 2025	Unrealised appreciation / (diminution)	Market value as a percentage of	
			Number of certificates			Rupees in '000			total investments of the Fund	net assets of the Fund	
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	October 20, 2025	11.75%	-	25,000	-	25,000	121,002	121,425	423	3.13%	0.90%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	October 21, 2027	Weighted average 6 months T-Bills	-	30,000	-	30,000	150,682	151,245	563	3.90%	1.12%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	October 21, 2029	Weighted average 6 months T-Bills	-	25,000	-	25,000	125,781	127,313	1,532	3.28%	0.94%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	November 6, 2025	11.00%	-	110,200	-	110,200	531,847	532,760	913	13.72%	3.95%
GoP Ijarah sukuk GIS - Listed Sukuk (Face value of Rs. 5,000 per certificate)	December 3, 2025	11.00%	-	100,000	80,000	20,000	95,879	95,810	(69)	2.47%	0.71%
Total as at June 30, 2025							3,161,263	3,190,805	29,542	82.18%	23.66%
Total as at June 30, 2024							3,592,064	3,591,025	(1,039)	76.58%	56.23%

6.2 Corporate sukuk certificates

Name of the security	Rating	Profit payments / principal payments	Maturity date	Profit rate	As at July 1, 2024	Purchased during the year	Sales / redemptions maturity during the year	As at June 30, 2025	Carrying value as at June 30, 2025	Market value as at June 30, 2025	Unrealised diminution	Market value as a percentage of	
					Number of certificates			Rupees in '000			total investments of the Fund	net assets of the Fund	
POWER GENERATION & DISTRIBUTION													
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	-	-	-	-	-	-
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	-	-	-	-	-	-
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	-	-	-	-	-	-
Ismail Industries Limited Sukuk (Face value 1,000,000 per certificate)	A+, PACRA	Monthly	February 20, 2025	1 month KIBOR plus base rate of 0.15%	-	150	150	-	-	-	-	-	-
Air Link Communication Limited Sukuk (Face value 1,000,000 per certificate)	A+ PACRA	Semi-Annually	March 24, 2025	6 months KIBOR plus base rate of 1.75%	-	500	500	-	-	-	-	-	-
K-Electric Limited - Sukuk V (Face value of 2,250 per certificate)	AA+, PACRA	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.70%	11,990	-	-	11,990	27,659	27,370	(289)	0.70%	0.20%
Pakistan Energy Sukuk - II (Face value of Rs 5,000 per certificate)	Not rated	Semi-Annually	May 21, 2030	6 months KIBOR plus base rate of - 0.10%	30,000	-	-	30,000	150,180	150,000	(180)	3.86%	1.11%
Total as at June 30, 2025								177,839	177,370	(469)	4.57%	1.31%	
Total as at June 30, 2024								858,303	853,442	(4,861)	18.20%	13.36%	

6.3 Term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2024	Purchased during the year	Matured during the year	As at June 30, 2025	Carrying value as at June 30, 2025	Market value as at June 30, 2025	Market value as a percentage of	
										total investments of the Fund	net assets of the Fund
(Rupees in '000)										----- % -----	
Commercial banks											
Bank Alfalah Ltd- Islamic Banking	AAA, PACRA	August 12, 2024	19.80%	-	700,000	700,000	-	-	-	-	-
Bank Alfalah Ltd- Islamic Banking	AAA, PACRA	October 30, 2024	16.60%	-	1,000,000	1,000,000	-	-	-	-	-
Bank Alfalah Ltd- Islamic Banking	AAA, PACRA	December 2, 2024	15.60%	-	1,000,000	1,000,000	-	-	-	-	-
Bank Alfalah Ltd- Islamic Banking	AAA, PACRA	January 2, 2025	13.90%	-	1,000,000	1,000,000	-	-	-	-	-
Bank Alfalah Ltd- Islamic Banking	AAA, PACRA	February 3, 2025	11.55%	-	1,000,000	1,000,000	-	-	-	-	-
Soneri Bank Mustaqeem Islamic	AA, PACRA	February 24, 2025	11.25%	-	300,000	300,000	-	-	-	-	-
Bank Alfalah Ltd- Islamic Banking	AAA, PACRA	February 28, 2025	11.25%	-	1,000,000	1,000,000	-	-	-	-	-
Bank Alfalah Ltd- Islamic Banking	AAA, PACRA	June 4, 2025	11.20%	-	1,050,000	1,050,000	-	-	-	-	-
Bank Alfalah Ltd- Islamic Banking	AAA, PACRA	June 24, 2025	10.70%	-	1,050,000	1,050,000	-	-	-	-	-
Total as at June 30, 2025									-	-	-
Total as at June 30, 2024									-	-	-

6.4 Certificates of musharakah

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2024	Purchased during the year	Matured during the year	As at June 30, 2025	Carrying value as at June 30, 2025	Market value as at June 30, 2025	Market value as a percentage of	
										total investments of the Fund	net assets of the Fund
(Rupees in '000)										----- % -----	
First Habib Modaraba	AA+, PACRA	August 02, 2024	21.90%	245,000	-	245,000	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	November 06, 2024	19.60%	-	258,524	258,524	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	April 29, 2025	11.75%	-	500,000	500,000	-	-	-	-	-
First Habib Modaraba	AA+, PACRA	July 29, 2025	12.00%	-	514,486	-	514,486	514,486	514,486	13.25%	3.81%
Total as at June 30, 2025									514,486	514,486	13.25% 3.81%
Total as at June 30, 2024									245,000	245,000	5.22% 3.84%

6.5 Bai Muajjal

Name of the counterparty	Maturity date	Profit rate	Total transaction price	Accrued profit during the year	Carrying value as at June 30, 2025	Market value as percentage of	
						Net assets of the Fund	Total market value of investment
(Rupees in '000)						----- % -----	
Pak-Libya Holding Company	February 21, 2025	17.75%	811,227,041	71,799,149	-	-	-
Pak-Oman Investment Company Limited	February 6, 2025	13%	464,446,516	15,218,576	-	-	-
Zarai Taraqiat Bank Limited	January 6, 2025	13.25%	309,863,334	6,636,593	-	-	-
Total as at June 30, 2025						-	-
Total as at June 30, 2024						-	-

		2025	2024
		----- (Rupees in '000) -----	
6.6	Unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss' - net		
	Market value of investments	3,882,661	4,689,467
	Less: carrying value of investments	(3,853,588)	(4,695,367)
		<u>29,073</u>	<u>(5,900)</u>

7 PROFIT RECEIVABLE

Profit receivable on:

Bank balances		30,279	31,766
Corporate sukuk certificates		2,504	59,289
Government securities		41,903	154,988
Certificates of musharakah		10,656	8,815
		<u>85,342</u>	<u>254,858</u>

8 DEPOSITS AND OTHER RECEIVABLES

Advance tax	8.1	343	343
Security deposit with Central Depository Company of Pakistan Limited *		100	100
		<u>443</u>	<u>443</u>

- 8.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on 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 withholders. The tax withheld on profit on bank balances and debt securities amounting to Rs. 0.343 million (2024: 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 Honourable 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 Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank balances and debt securities has been shown as advance tax as at June 30, 2025 as, in the opinion of the management, the amount of tax deducted at source will be refunded to the Fund.

		2025	2024
		----- (Rupees in '000) -----	
9	PRELIMINARY EXPENSES AND FLOATATION COSTS		
	At the beginning of the year	173	329
	Less: amortisation during the year	(154)	(156)
	At the end of the year	<u>19</u>	<u>173</u>

- 9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs were paid by NBP Fund Management Limited (a related party) and 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.

10	PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY	Note	2025 ---(Rupees in '000)---	2024
	Remuneration payable to the Management Company	10.1	9,340	6,336
	Sindh sales tax on remuneration of the Management Company	10.2	1,401	824
	Reimbursement of allocated expenses payable	10.3	4,130	2,512
	Sindh sales tax on allocated expenses payable		620	-
	Reimbursement of selling and marketing expenses payable	10.4	1,953	10,237
	Sindh sales tax on selling and marketing expenses payable		293	-
	Sales load payable to the Management Company		914	2,443
	Sindh sales tax payable on sales load		140	309
	Alternate delivery channel charges payable including Sindh sales tax		52	603
	Other payable to the Management Company		153	153
			18,996	23,417

- 10.1 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 following rates during the year ended June 30, 2025:

2025				2024
Rate applicable from July 1, 2024 to November 24, 2024	Rate applicable from November 25, 2024 to December 8, 2024	Rate applicable from December 9, 2024 to January 12, 2025	Rate applicable from January 13, 2025 to June 30, 2025	Rate applicable from July 1, 2023 to June 30, 2024
6% of average annual net assets, subject to floor and capping of 0.5% and 1.25% of average annual net assets	4.85% of average annual net assets, subject to floor and capping of 0.5% and 1.25% of average annual net assets	3.7% of average annual net assets, subject to floor and capping of 0.5% and 1.25% of average annual net assets	1.42% of average annual net assets	6% of average annual net assets, subject to floor and capping of 0.5% and 1.25% of average annual net assets

During the year ended June 30, 2025, the SECP, vide S.R.O.600(I)/2025 dated April 10, 2025, revised the management fee cap to 1.5% to be calculated on a per annum basis of the average daily net assets, applicable to a "Income Scheme". This revision is effective from July 1, 2025.

- 10.2** Sindh sales tax levied through Sindh Sales Tax Act on services, 2011 on remuneration of the Management Company has been enhanced from the rate of 13% to 15% (2024: 13%) effective from July 1, 2024 vide Sindh Finance Act, 2024.

Further, Sindh Sales tax at the rate of 15% has also been levied on any reimbursement expenditure to the Management Company effective July 1, 2024 vide Sindh Finance Act, 2024.

- 10.3** 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 own discretion, has charged such expenses at the following rates during the year ended June 30, 2025, subject to total expense charged being lower than actual expense incurred:

2025			2024	
Rate applicable from July 1, 2024 to November 24, 2024	Rate applicable from November 25, 2024 to January 12, 2025	Rate applicable from January 13, 2025 to June 30, 2025	Rate applicable from July 1, 2023 to June 23, 2024	Rate applicable from June 24, 2024 to June 30, 2024
0.10% of average annual net assets	0.20% of average annual net assets	Nil	0.15% of average annual net assets	0.1% of average annual net assets

Further, the SECP, vide S.R.O.600(I)/2025 dated April 10, 2025, has issued amendments in respect of expenses chargeable to CISs as prescribed in Schedule XX of the NBFC Regulations, from which the chargeability of expenses related to registrar services, accounting, operation and valuation services has been excluded. This amendment was effective immediately upon its release on April 10, 2025.

- 10.4** 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.

2025				2024
Rate applicable from July 1, 2024 to November 24, 2024	Rate applicable from November 25, 2024 to December 8, 2024	Rate applicable from December 9, 2024 to January 2, 2025	Rate applicable from January 13, 2025 to June 30, 2025	Rate applicable from July 1, 2023 to June 30, 2024
0.29% of average annual net assets	0.39% of average annual net assets	0.59% of average annual net assets	Nil	0.29% of average annual net assets

Further, the SECP, vide S.R.O.600(I)/2025 dated April 10, 2025, has issued amendments in respect of expenses chargeable to CISs, as prescribed in Schedule XX of the NBFC Regulations, wherein the SECP has excluded the chargeability of selling and marketing expenses from the schedule. This amendment was effective immediately upon its release on April 10, 2025.

		2025	2024
11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE - RELATED PARTY	Note	-----(Rupees in '000)----
	Remuneration payable	11.1	493 406
	Sindh sales tax payable on trustee fee	11.2	74 53
			<u>567</u> <u>459</u>

11.1 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% (2024: 0.075%) per annum of average annual net assets of the Fund. Accordingly, the Fund has charged trustee fee at the above mentioned rate during the year.

11.2 Sindh sales tax on remuneration of the Trustee levied through the Sindh Sales Tax Act on Services, 2011 has been charged at the rate of 15% (2024: 13%).

		2025	2024
12	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	-----(Rupees in '000)----
	Fee payable	12.1	<u>493</u> <u>406</u>

12.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2024: 0.075%) per annum of the daily net assets during the year ended June 30, 2025.

Further, the Fund is required to pay the SECP fee within fifteen days of the close of every calendar month.

		2025	2024
13	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	-----(Rupees in '000)----
	Auditors' remuneration payable		752 420
	Legal and professional charges payable		285 228
	Shariah advisory fee payable		2,757 1,904
	Withholding tax payable		41,096 82,270
	Capital gain tax payable		71,662 30,205
	Printing charges payable		57 205
	Bank and settlement charges payable		96 96
	Brokerage fee payable		32 -
	Other payable		4,839 4,839
			<u>121,576</u> <u>120,167</u>

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2025 and June 30, 2024.

	2025	2024
	----- Number of units -----	
15 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	630,887,222	510,856,440
Units issued during the year	2,674,488,190	926,688,811
Less: units redeemed during the year	(1,974,437,775)	-806,658,029
Total units in issue at the end of the year	<u>1,330,937,637</u>	<u>630,887,222</u>

	2025	2024
	-----(Rupees in '000)-----	
16 AUDITORS' REMUNERATION	Note	
Annual audit fee	393	331
Shariah audit fee	391	-
Half yearly review	144	121
Other certification	100	-
Out of pocket expenses	88	83
	<u>1,116</u>	<u>535</u>

17 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 accumulated losses and 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 Company has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2025 to the unit holders in the manner as explained above, 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.

18 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the year ended June 30, 2025 is 1.82% (2024: 1.95%) which includes 0.30% (2024: 0.23%) representing government levies on the Fund such as provision of sales taxes, federal excise duties, annual fee to the SECP, etc. The TER excluding government levies is 1.52% (2024: 1.72%) which is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as income scheme.

During the year ended June 30, 2025, the SECP, vide S.R.O. 600(I)/2025 dated April 10, 2025, has removed the TER limit with effect from July 1, 2025. The TER limit, applicable previously, has been replaced with the management fee cap which has been disclosed in note 10.1 of these financial statements.

	2025	2024
	-----(Rupees in '000)-----	
19 CASH AND CASH EQUIVALENTS	Note	
Bank balances	5	7,519,920
Certificates of Musharakah	6.4	1,468,843
		<u>514,486</u>
		<u>8,034,406</u>
		<u>1,713,843</u>

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

- 20.1** 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 (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 20.2** 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.
- 20.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 20.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 20.5** Allocated expenses and selling and marketing expenses are reimbursed by the Fund to the Management Company subject to the maximum prescribed Total Expense Ratio.

20.6 Transactions during the year:	2025	2024
	-----(Rupees in '000)----	
NBP Fund Management Limited - the Management Company		
Remuneration of NBP Fund Management Limited - the Management Company	104,379	70,277
Sindh sales tax on remuneration of the Management Company	15,657	9,136
Reimbursement of allocated expenses	6,051	9,026
Sindh sales tax on reimbursement of allocated expenses	908	-
Reimbursement of selling and marketing expenses	16,913	17,564
Sindh sales tax on reimbursement of selling and marketing expenses	2,537	-
Sales load and Sindh sales tax on sales load	6,399	12,001
ADC (reimbursement) / charges including Sindh sales tax	2,307	1,460
Units issued to unit holders on behalf of Management Company	2,953	-
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of the Central Depository Company of Pakistan Limited - the Trustee	6,763	4,542
Sindh sales tax on remuneration of the Trustee	1,014	591
Settlement charges	319	18
National Bank of Pakistan - Parent of the Management Company		
Profit on bank balances	246	588
Fauji Fertilizer Company Limited- Related Party		
Units issued: 138,105,238 units (2024: Nil units)	1,399,669	-
Employees of the Management Company		
Units issued: 25,060,776 units (2024: 14,744,137 units)	266,017	159,731
Dividend re-invest units issued: 8,740 units (2024: 15,815 units)	93.0	160
Units redeemed: 23,608,582 units (2024: 22,118,886 units)	254,937	255,172

	2025	2024
	----(Rupees in '000)----	
Portfolio managed by Management Company		
Units issued: 25,173,432 units (2024: 45,660,012 units)	262,235	488,628
Dividend re-invest units issued: 600,150 units (2024: 779,162 units)	6,091	7,870
Units redeemed: 23,166,709 units (2024: 60,364,065 units)	254,805	662,663
Mr. Zaheer Iqbal - Chief Financial Officer ***		
Units issued: 459,641 units (2024: Nil units)	4,681	-
Dividend re-invest units issued: 187 units (2024: Nil units)	2	-
Units redeemed: 86,206 units (2024: Nil units)	924	-
Mr. Khalid Mehmood - Chief Financial Officer **		
Units issued: Nil units (2024: Nil units)	-	-
Dividend re-invest units issued: Nil units (2024: 467 units)	-	5
Units redeemed: Nil units (2024: Nil units)	-	-
K-Electric Limited - common directorship		
Purchase of corporate sukuk certificates	-	610,000
Income earned on corporate sukuks	8,089	75,014
Income received on corporate sukuks	55,848	28,609
CDC Trustee NBP Islamic Government Securities Plan-III		
Sale of Ijarah Sukuk	209,298	-
20.7 Amounts / balances outstanding as at year end:		
NBP Fund Management Limited - the Management Company		
Remuneration payable to the Management Company	9,340	6,336
Sindh sales tax on remuneration payable to the Management Company	1,401	824
Reimbursement of allocated expenses payable	4,130	2,512
Sindh sales tax on allocated expenses payable	620	-
Reimbursement of selling and marketing expenses payable	1,953	10,237
Sindh sales tax on selling and marketing expenses payable	293	-
Sales load payable to the Management Company	914	2,443
Sindh sales tax payable on sales load	140	309
Alternate delivery channel charges payable including Sindh sales tax	52	603
Other payable	153	153
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration payable to the Trustee	493	406
Sindh sales tax payable on the Trustee remuneration	74	53
Settlement charges payable	45	2
Security deposit with Central Depository Company of Pakistan Limited - the Trustee	100	100
National Bank of Pakistan - Parent of the Management Company		
Bank balances	962	3,149
Fauji Fertilizer Company Limited		
Units held: 138,105,238 units (2024: Nil units)	1,399,669	-
Employees of the Management Company *		
Units held: 3,546,744 units (2024: 2,076,012 units)	35,946	21,014

	2025	2024
	----(Rupees in '000)----	
Portfolio managed by Management Company		
Units held: 17,783,419 units (2024: 15,625,828 units)	180,231	158,172
Mr. Zaheer Iqbal - Chief Financial Officer***		
Units held: 373,740 units (2024: Nil)	3,788	-
Mr. Khalid Mehmood - Chief Financial Officer **		
Units held: Nil (2024: 3,291 units)	-	33
K-Electric Limited - common directorship		
Corporate sukuk certificates held	27,370	499,649
Profit receivable on corporate sukuk certificates	602	48,361

* This reflects the position of the related party / connected persons status as at June 30, 2025.

** Current year figures has not been shown as the company ceased to be a related party / connected person as at June 30, 2025.

*** Prior year comparative has not been shown as the company/person was not a related party / connected person as at June 30, 2024.

21 FINANCIAL INSTRUMENTS BY CATEGORY

	2025		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Financial assets			
Bank balances	7,519,920	-	7,519,920
Investments	-	3,882,661	3,882,661
Profit receivable	85,342	-	85,342
Receivable against conversion of units	4,700,001	-	4,700,001
Deposits and other receivables	100	-	100
	<u>12,305,363</u>	<u>3,882,661</u>	<u>16,188,024</u>
Financial liabilities			
Payable to NBP Fund Management Limited - the Management Company	18,996	-	18,996
Payable to Central Depository Company of Pakistan Limited - the Trustee	567	-	567
Payable against redemption of units	2,558,021	-	2,558,021
Accrued expenses and other liabilities	8,818	-	8,818
	<u>2,586,402</u>	<u>-</u>	<u>2,586,402</u>

	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 and other receivables	100	-	100
	<u>1,907,629</u>	<u>4,689,467</u>	<u>6,597,096</u>
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
	<u>98,588</u>	<u>-</u>	<u>98,588</u>

22 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.

22.1 Market risk

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

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

Market risk comprises of three types of risks: 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, 2025, the Fund is exposed to such risk on its balances held with banks, investments in Government securities, 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

The Fund's profit rate risk arises from the balances in savings accounts and investments in corporate sukuk and Government Securities. 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. 80.14 million (2024: Rs. 41.87 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds certificates of musharakah and fixed rate Government securities 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. 6.76 million (2024: Rs. 19.53 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2025 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest 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, 2025 can be determined as follows:

Effective yield / profit rate (%)	2025			Not exposed to yield / profit rate risk	Total
	Exposed to yield / profit rate risk				
	Up to three months	More than three months and up to one year	More than one year		

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

Financial assets

Bank balances	0.10% - 10.60%	7,504,190	-	-	15,730	7,519,920
Investments	10.58% -17.22%	1,446,941	749,995	1,685,725	-	3,882,661
Profit receivable		-	-	-	85,342	85,342
Receivable against transfer of units		-	-	-	4,700,001	4,700,001
Deposit and other receivables		-	-	-	100	100
		8,951,131	749,995	1,685,725	4,801,173	16,188,024

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	18,996	18,996
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	567	567
Payable against redemption of units		-	-	-	2,558,021	2,558,021
Accrued expenses and other liabilities		-	-	-	8,818	8,818
		-	-	-	2,586,402	2,586,402

On-balance sheet gap (a)		8,951,131	749,995	1,685,725	2,214,771	13,601,622
Off-balance sheet gap (b)		-	-	-		
Total profit rate sensitivity gap (a +b)		8,951,131	749,995	1,685,725		
Cumulative profit rate sensitivity gap		8,951,131	9,701,126	11,386,851		

Effective yield / profit rate (%)	2024			Not exposed to yield / profit rate risk	Total
	Exposed to yield / profit rate risk				
	Up to three months	More than three months and up to one year	More than one year		

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

Financial assets

Bank balances	10.00% - 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

Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	23,417	23,417
Payable to Central Depository Company of Pakistan Limited - 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
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Off-balance sheet gap (b)

-	-	-		
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Total profit rate sensitivity gap (a +b)

2,850,942	2,088,862	1,200,189		
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Cumulative profit rate sensitivity gap

2,850,942	4,939,804	6,139,993		
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(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate 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.

22.2 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 or over the counter market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short term to ensure settlement, 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, 2025.

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

2025						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total

Financial liabilities

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

Payable to NBP Fund Management Limited - the Management Company	18,996	-	-	-	-	18,996
Payable to Central Depository Company of Pakistan Limited - the Trustee	567	-	-	-	-	567
Payable against redemption of units	2,558,021	-	-	-	-	2,558,021
Accrued expenses and other liabilities	8,066	752	-	-	-	8,818
	<u>2,585,650</u>	<u>752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,586,402</u>

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

Financial liabilities

----- (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	7,272	420	-	-	-	7,692
	<u>98,168</u>	<u>420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,588</u>

22.3 Credit risk

- 22.3.1** 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. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial institution, profit receivables on balances with banks and credit exposure arising on investment. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	2025		2024	
	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	7,519,920	7,519,920	1,468,843	1,468,843
Investments	3,882,661	691,856	4,689,467	1,098,442
Profit receivable	85,342	43,439	254,858	99,870
Receivable against transfer of units	4,700,001	4,700,001	183,828	183,828
Deposits and other receivables	100	100	100	100
	<u>16,188,024</u>	<u>12,955,316</u>	<u>6,597,096</u>	<u>2,851,083</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2025 is the carrying amount of the financial assets.

22.3.2 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	
	2025	2024
Bank balances		
AAA	14.49%	2.01%
AA+ *	12.38%	-
AA	0.10%	1.54%
AA-	25.58%	12.44%
A+	5.75%	6.75%
A-	-	0.01%
Corporate sukuk certificates		
AA+	0.17%	0.84%
AA	-	0.08%
AA-	-	2.36%
(Not rated) (Government guaranteed)	1.70%	-
Certificates of musharakah		
AA+	3.24%	3.85%

22.3.3 Concentration of credit risk

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

23 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.

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

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

23.1 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, 2025 and June 30, 2024, the Fund held the following financial instruments measured at fair value:

	-----As at June 30, 2025-----			
	Level 1	Level 2	Level 3	Total
At fair value through profit or loss	----- (Rupees in '000) -----			
Government securities	2,697,102	493,703	-	3,190,805
Corporate sukuk certificates	177,370	-	-	177,370
Term deposit receipts *	-	-	-	-
Certificates of musharakah *	-	514,486	-	514,486
	<u>2,874,472</u>	<u>1,008,189</u>	<u>-</u>	<u>3,882,661</u>
	-----As at June 30, 2024-----			
	Level 1	Level 2	Level 3	Total
At fair value through profit or loss	----- (Rupees in '000) -----			
Government securities	1,115,158	2,475,867	-	3,591,025
Corporate sukuk certificates	-	853,442	-	853,442
Certificates of musharakah *	-	245,000	-	245,000
	<u>1,115,158</u>	<u>3,574,309</u>	<u>-</u>	<u>4,689,467</u>

The carrying value of these deposits and certificates approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

Valuation technique used in determination of fair values is as follows:

Item	Valuation technique
Government of Pakistan - Ijarah sukuks - Listed on PSX	The fair value of GoP Ijarah sukuks listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange.
Government of Pakistan - Ijarah sukuks - Other than Listed on PSX	The fair value of other GoP Ijarah sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Corporate sukuk certificates	The valuation has been determined through closing rates announced by FMA (Financial Market Association) through Reuters.

There were no transfers between levels during the year.

24 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 22, 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.

25 UNIT HOLDING PATTERN OF THE FUND

Category	June 30, 2025			June 30, 2024		
	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	6,247	9,874,932	73.21%	3,256	4,845,970	75.88%
Insurance companies	4	121,647	0.90%	2	95,927	1.50%
Retirement funds	69	1,672,844	12.40%	49	1,224,654	19.18%
Others	54	419,641	3.11%	31	219,592	3.44%
Public Limited company	1	1,399,669	10.38%	-	-	-
	<u>6,375</u>	<u>13,488,733</u>	<u>100.00%</u>	<u>3,338</u>	<u>6,386,143</u>	<u>100%</u>

26 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2025 % of commission paid	Name of broker	2024 % of commission paid
J.S. GLOBAL CAPITAL LTD.	16.97%	AKD Securities Limited	57.55%
Continental Exchange (Pvt.) Limited	37.09%	Next Capital Limited	1.26%
C & M Management Pvt. Limited	10.62%	J.S. Global Capital Limited	20.22%
Bright Capital (Private) Limited	35.32%	Summit Capital (Private) Limited	20.97%
	<u>100.00%</u>		<u>100.00%</u>

27 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	37
Asim Wahab Khan	Chief Investment Officer	CFA	19
Salman Ahmed (note 25.1)	Head of Fixed Income	CFA	20
Hassan Raza	Head of Research	ACCA / BSC / CFA	14
Usama Bin Razi	Senior Manager - Fixed Income	BE, MBA	21

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

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

28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 98th, 99th, 100th, 101st, 102nd, 103rd, 104th, and 105th Board Meetings were held on July 26, 2024, August 23, 2024, September 25, 2024, October 24, 2024, October 30, 2024, November 06, 2024, February 26, 2025, and April 30, 2025, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of directors	Number of meetings			Meetings not attended
	Held / applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	8	8	-	-
*Tauqeer Mazhar	1	1	-	-
**Faisal Ahmed	2	2	-	-
Mehnaz Salar	8	8	-	-
Ali Saigol	8	7	1	100th Meeting
Imran Zaffar	8	7	1	98th Meeting
Khalid Mansoor	8	8	-	-
Saad Amanullah Khan	8	8	-	-
***Ruhail Muhammad	6	6	-	-
****Umar Ahsan Khan	0	0	-	-
Amjad Waheed	8	8	-	-

* Mr. Tauqeer Mazhar resigned from the Board on August 21, 2024.

** Mr. Faisal Ahmed was appointed on the Board on August 23, 2024, and his approval was granted by SECP on November 21, 2024.

*** Mr. Ruhail Muhammad resigned from the Board on December 16, 2024.

**** Mr. Umar Ahsan Khan was appointed on the Board on March 03, 2025, and his approval was granted by SECP on May 16, 2025.

29 GENERAL

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

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

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 21, 2025 by the Board of Directors of the Management Company.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2025	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')	13,488,733	6,386,143	5,157,561	7,533,210	3,246,657
Net Income (Rs. '000')	1,126,933	1,131,294	1,023,637	464,452	77,270
Net Asset Value per units (Rs.)	10.1348	10.1225	10.0959	10.0384	10.0136
Offer price per unit	10.2514	10.2369	10.2100	10.1518	10.1268
Redemption price per unit	10.1348	10.1225	10.0959	10.0384	10.0136
Ex - Highest offer price per unit (Rs.)	10.2514	10.2369	10.2100	10.1518	10.1268
Ex - Lowest offer price per unit (Rs.)	8.9833	8.4794	8.8204	9.2785	9.4569
Ex - Highest redemption price per unit (Rs.)	10.1348	10.1225	10.0959	10.0384	10.0136
Ex - Lowest redemption price per unit (Rs.)	8.8812	8.3847	8.7218	9.1748	9.4569
Since Inception Ex Nav	8.9065	8.3807	8.7187	9.1731	9.4569
Total return of the fund	13.79%	20.72%	15.80%	9.43%	6.69%
Capital growth	0.14%	0.26%	0.66%	0.27%	1.00%
Income distribution as % of Ex-NAV	13.65%	20.47%	15.14%	9.16%	5.69%
Income distribution as % of Par Value	13.82%	20.66%	15.20%	9.18%	5.69%
Interim distribution per unit	1.3820	2.0663	1.5195	0.9175	0.1121
Interim distribution per unit				-	0.4571
Distribution dates					
Interim	24-Jun-25	26-Jun-24	21-Jun-23	24-Jun-22	14-Oct-20
Interim			-	-	23-Jun-21
Average annual return (launch date 13-08-2020)					
(Since inception to June 30, 2025)	13.36%				
(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	27 days	73 days	23 Days	13 Days	36 Days

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpffunds.com

Website: www.nbpffunds.com

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