



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NAFA GOVERNMENT SECURITIES SAVINGS FUND

**QUARTERLY
REPORT**

**MARCH
31, 2019**



MISSION STATEMENT

**To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.**

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	14

NAFA GOVERNMENT SECURITIES SAVINGS FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nasir Husain	Director
Mr. Abdul Hadi Palekar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Humayun Bashir	Member
Mr. Nasir Husain	Member
Mr. Imran Zaffar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Nasir Husain	Member
Mr. Humayun Bashir	Member
Mr. Ali Saigol	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Shehryar Faruque	Member
Mr. Abdul Hadi Palekar	Member
Mr. Ali Saigol	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

Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Khushali Microfinance Bank Limited
MCB Bank Limited
National Bank of Pakistan
Summit Bank Limited
Sindh Bank Limited
Samba Bank Limited
Telenor Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Zarai Taraqati Bank Limited

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Auditors

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Buildings,
Ground No. 2 Shaheed Chaudary Aslam Rd,
Civil Lines, Karachi, 75530

Legal Advisor

Akhund Forbes
D-21, Block, 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.nbpffunds.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
Phone: 051-2514987
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:

NBP City Branch, Hussain-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA GOVERNMENT SECURITIES SAVINGS FUND

DIRECTORS' REPORT

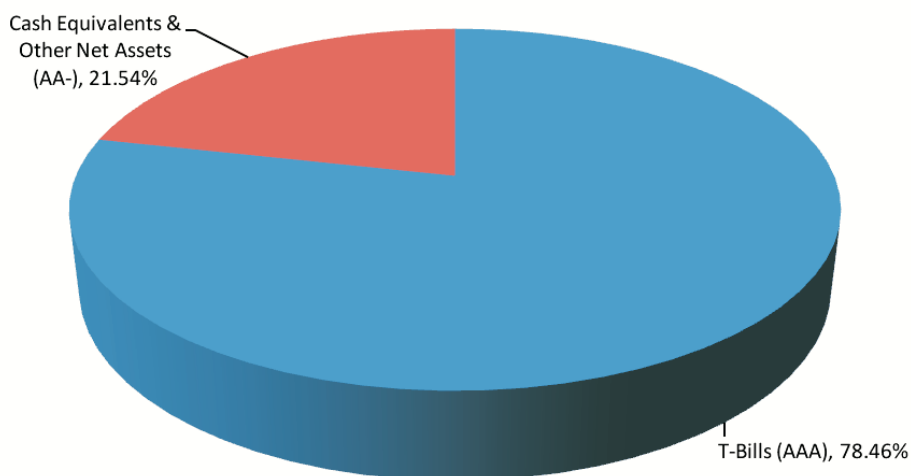
The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited financial statements of **NAFA Government Securities Savings Fund (NGSSF)** for the period ended March 31, 2019.

Fund's Performance

The size of NAFA Government Securities Savings Fund has significantly increased from Rs. 144 million to Rs. 1,689 million during the period (i.e. an extraordinary growth of 1073%). During the period, the unit price of the Fund has increased from Rs. 10.3046 (Ex-Div) on June 30, 2018 to Rs. 10.9103 on March 31, 2019, thus showing return of 7.8% as compared to the benchmark return of 9.4% for the same period. The performance of the Fund is net of management fee and all other expenses. The Fund has been assigned a stability rating of 'AA- (f)' by PACRA.

During 9MFY2019, the State Bank of Pakistan (SBP) pursued tightening monetary policy and cumulatively hiked the Discount Rate by 425 basis points to 11.25% to contain underlying inflationary pressures and restore financial stability. Since FY2019, sovereign yields responded consequently to every policy rate increase. The yields on T-bills for 3-month, 6-month and 12-month tenors increased by 412 basis points, 410 basis points and 395 basis points respectively during the period under review. Similarly, 10-year PIB yield inched up by 410 basis points to 13.12%. Foreseeing further upside risks to inflation and interest rates, investors' preference remained tilted towards shorter tenor maturities. Trading activity in the longer tenor sovereign bonds (PIBs) also remained subdued mainly due to upside risks to interest rates.

The Fund has earned total income of Rs. 34.768 million during the period. After deducting expenses of Rs.4.476 million, the net income is Rs.30.292 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSSF



NAFA GOVERNMENT SECURITIES SAVINGS FUND

DIRECTORS' REPORT

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

Director

Date: April 26, 2019
Place: Karachi.

NAFA GOVERNMENT SECURITIES SAVINGS FUND

ڈائریکٹر کی رپورٹ

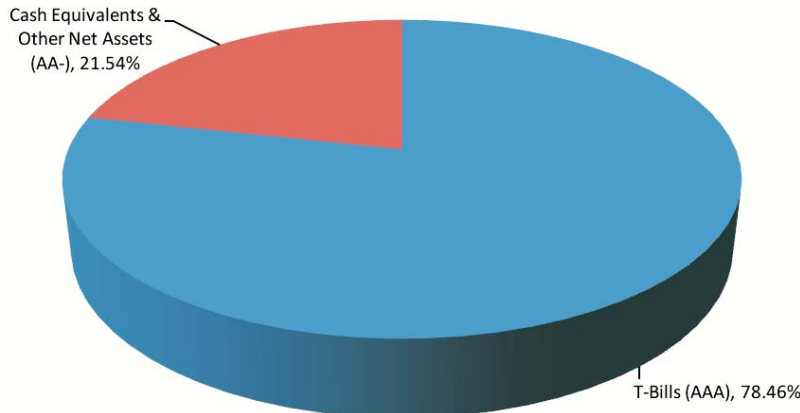
NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی مدت کے لئے NAFA گورنمنٹ سیکورٹیز سیونگ فنڈ (NGSSF) کے نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

فنڈ کی کارکردگی

موجودہ مدت کے دوران NAFA گورنمنٹ سیکورٹیز سیونگ فنڈ (NGSSF) کا سائز 144 ملین روپے سے بڑھ کر 1,689 ملین روپے ہو گیا یعنی 1073% کی غیر معمولی نمو۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2018 کو 10.3046 روپے (Ex-Div) سے بڑھ کر 31 مارچ 2019 کو 10.9103 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بچ مارک 9.4% کے مقابلے میں 7.8% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اس فنڈ کو PACRA کی طرف سے "AA-(f)" کی اسٹیبلٹی ریننگ دی گئی ہے۔

مالی سال 2019 کی نو ماہی کے دوران، بنیادی افراط زر کے دباؤ کی روک تھام اور مالیاتی استحکام کو بحال کرنے کے لئے اسٹیٹ بینک آف پاکستان (SBP) نے سخت مانیٹری پالیسی پر عمل درآمد کرتے ہوئے پالیسی کی شرح 425 بیسس پوائنٹ اضافے کے ساتھ 11.25% کر دی۔ مالی سال 2019 سے، ہر پالیسی کی شرح میں اضافہ کے نتیجے میں Sovereign Yields میں بھی اضافہ دیکھا گیا۔ 3 ماہ، 6 ماہ اور 12 ماہ کے T-bills پر yields زیر جائزہ مدت کے دوران علی الترتیب 412 بیسس پوائنٹس، 410 بیسس پوائنٹس اور 395 بیسس پوائنٹس تک کا اضافہ ہوا۔ اسی طرح 10 سالہ PIB کی yield 410 بیسس پوائنٹس کے اضافہ کے ساتھ 13.12% ہو گئی۔ افراط زر کے خدشات اور شرح سود میں اضافہ کے پیش نظر سرمایہ کاروں نے حکومت کی قلیل المدت میچورٹیز کو ترجیح دی۔ طویل المدت حکومتی بانڈز (PIBs) میں تجارتی سرگرمی بھی شرح سود بڑھنے کے خدشات کے سبب کم رہی۔

فنڈ نے موجودہ مدت کے دوران 34.768 ملین روپے کی مجموعی آمدنی کمائی۔ 4.476 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 30.292 ملین روپے ہے۔ درج ذیل چارٹ NGSSF کی ایسٹیلیویشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریننگ پیش کرتا ہے:



NAFA GOVERNMENT SECURITIES SAVINGS FUND

اظہار تشکر

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

بورڈ اپنے اسٹاف اور رٹسٹی 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 منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 26 اپریل 2019

مقام: کراچی

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2019

	Note	Unaudited 31 March 2019 (Rupees in '000)	Audited 30 June 2018
Assets			
Bank balances		1,690,697	103,911
Investments	4	1,325,155	107,623
Profit receivable		3,203	27
Deposit, prepayment and other receivables		834	828
Total assets		3,019,889	212,389
Liabilities			
Payable to the Management Company		1,527	360
Payable to the Trustee		195	23
Payable to Securities and Exchange Commission of Pakistan		254	114
Payable against purchase of investments		1,325,032	64,813
Accrued expenses and other liabilities		3,841	3,190
Total liabilities		1,330,848	68,500
Net assets		1,689,041	143,889
Unit holders' fund (as per statement attached)		1,689,041	143,889
Contingencies and commitments	6		
		(Number of units)	
Number of units in issue		154,810,956	13,297,449
		(Rupees)	
Net assets value per unit		10.9103	10.8208

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2019

	Nine Months Ended		Quarter Ended	
	March 31 2019	March 31 2018	March 31 2019	March 31 2018
Note ----- (Rupees in '000) -----				
Income				
Income from Market Treasury Bills	23,124	4,866	19,437	1,692
Profit on bank deposits	12,266	2,449	10,364	788
Loss on sale of investments - net	(745)	(9)	(682)	(9)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	123	(37)	122	(15)
Total income	34,768	7,269	29,241	2,456
Expenses				
Remuneration of the Management Company	1,762	654	1,417	227
Sindh Sales Tax on remuneration to Management Company	229	85	184	29
Remuneration of the Trustee	445	195	336	66
Sindh Sales Tax on remuneration to Trustee	58	25	44	8
Annual fee - Securities and Exchange Commission of Pakistan	254	86	206	29
Allocation of expenses related to registrar services, accounting, operation and valuation services	339	115	275	39
Auditors' remuneration	299	300	163	1
Settlement and bank charges	66	13	37	3
Listing fee	16	17	5	7
Professional charges	14	13	1	13
Mutual fund rating fee	239	113	72	45
Printing and other charges	22	15	4	15
Selling & Marketing Expense	115	-	-	-
Total expenses	3,858	1,631	2,744	482
Net income from operating activities	30,910	5,638	26,497	1,974
Provision for Sindh Workers' Welfare Fund	5 (618)	(113)	(530)	(40)
Net income for the period before taxation	30,292	5,525	25,967	1,934
Taxation	7 -	-	-	-
Net income for the period	30,292	5,525	25,967	1,934
Allocation of net income for the period				
Net income for the period	30,292		25,967	
Income already paid on units redeemed	(1,752)		(943)	
	28,540		25,024	
Accounting income available for distribution:				
-Relating to capital gains	-		-	
-Excluding capital gains	28,540		25,024	
	28,540		25,024	

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2019

	Nine Months Ended		Quarter Ended	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Net income for the period	30,292	5,525	25,967	1,934
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	30,292	5,525	25,967	1,934

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2019

	Nine Months Ended March 31, 2019			Nine Months Ended March 31, 2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees in '000)						
Net assets at beginning of the period	98,668	45,221	143,889	68,909	38,852	107,761
Issuance of 152,403,265 units (2018: 7,325,326 units)						
- Capital value	1,570,455	-	1,570,455	75,482	-	75,482
- Element of income	67,229	-	67,229	562	-	562
Total proceeds on issuance of units	1,637,684	-	1,637,683	76,044	-	76,044
Redemption of 10,889,758 units (2018: 3,150,744 units)						
- Capital value	(112,215)	-	(112,215)	(32,466)	-	(32,466)
- Element of loss	(1,992)	(1,752)	(3,744)	(113)	(408)	(521)
Total payments on redemption of units	(114,207)	(1,752)	(115,959)	(32,579)	(408)	(32,987)
Total comprehensive income for the period	-	30,292	30,292	-	5,525	5,525
Final Distribution @ Rs.0.5162 declared on July 04, 2018						
Cash distribution		(6,364)	(6,364)	-	-	-
Refund of Capital	(500)		(500)	-	-	-
	(500)	(6,364)	(6,864)	-	-	-
Net assets at end of the period	1,621,645	67,397	1,689,041	112,374	43,969	156,343
Undistributed income brought forward						
- Realised		45,280			38,911	
- Unrealised		(59)			(59)	
		45,221			38,852	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		28,540			5,117	
		28,540			5,117	
Distribution for the year ended 30 June 2018: 5.16% (Date of distribution: 04 July 2018) [30 June 2017: Nil]						
- Cash distribution		(6,364)			-	
Undistributed income carried forward		67,397			43,969	
Undistributed income carried forward						
- Realised		67,274			44,006	
- Unrealised		123			(37)	
		67,397			43,969	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		10.8208			10.3042	
Net assets value per unit at end of the period		10.9103			10.6846	

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2019

	Nine Months Ended March 31,	
	2019	2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	30,292	5,525
Adjustments:		
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(123)	37
	30,169	5,562
(Increase) / decrease in assets		
Investments - net	(1,217,409)	(21,802)
Profit receivable	(3,176)	36
Deposits and prepayment	(6)	63
	(1,220,591)	(21,703)
Increase / (decrease) in liabilities		
Payable to the Management Company	1,167	(27)
Payable to the Trustee	172	3
Payable to Securities and Exchange Commission of Pakistan	140	(40)
Payable against purchase of investments	1,260,219	(40,045)
Accrued expenses and other liabilities	651	(3,712)
	1,262,348	(43,821)
Net cash generated from / (used in) operating activities	71,926	(59,962)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issue of units	1,637,184	76,044
Payments against redemption of units	(115,959)	(32,987)
Distribution paid	(6,364)	-
Net cash flows generated from financing activities	1,514,862	43,057
Net increase / (decrease) in cash and cash equivalents during the period	1,586,787	(16,905)
Cash and cash equivalents at beginning of the period	103,911	114,253
Cash and cash equivalents at end of the period	1,690,697	97,348

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NAFA Government Securities Savings Fund ("the Fund") was established under a Trust Deed executed between NBP fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 05 June 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 30 May 2014 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as an "Income Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).
- 1.4 The objective of the Fund is to provide unit holders with competitive return from portfolio of low credit risk securities by investing primarily in government securities.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and performance rating of 'AA-(f)' to the Fund.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; International Accounting Standard (IAS) 34, Interim Financial Reporting, 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

NAFA GOVERNMENT SECURITIES SAVINGS FUND

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018 except for the change in accounting policy as explained in note 3.2.

3.2 Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has an impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these condensed interim financial statements.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

3.3 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant

NAFA GOVERNMENT SECURITIES SAVINGS FUND

judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2018. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

4	INVESTMENTS		31 March 2019	30 June 2018
	Financial assets 'at fair value through profit or loss'		Unaudited	Audited
			(Rupees in '000)	
	Government Securities			
	Market Treasury Bills	4.1	1,325,155	107,623
			1,325,155	107,623

4.1 Market Treasury Bills

Issue date	Tenor	Face value				Market value / Carrying value as at March 31 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2018	Purchases during the period	Sales / matured during the period	As at March 31, 2019			
----- (Rupees in '000) -----								
26 April 18	Months	108,000	-	108,000	-	-	-	-
7 June 18	Months		20,000	20,000	-	-	-	-
10 May 18	Months	-	10,000	10,000	-	-	-	-
19 July 18	Months	-	105,000	105,000	-	-	-	-
26 April 18	Months	-	10,000	10,000	-	-	-	-
11 October 18	Months	-	75,000	75,000	-	-	-	-
11 October 18	Months	-	102,000	102,000	-	-	-	-
11 October 18	Months	-	2,000	2,000	-	-	-	-
6 December 18	Months	-	77,000	77,000	-	-	-	-
6 December 18	Months	-	100,000	100,000	-	-	-	-
6 December 18	Months	-	50,000	50,000	-	-	-	-
6 December 18	Months	-	889,000	889,000	-	-	-	-
6 December 18	Months	-	50,000	50,000	-	-	-	-
6 December 18	Months	-	250,000	250,000	-	-	-	-
14 February 19	Months	-	500,000	500,000	-	-	-	-
14 February 19	Months	-	500,000	500,000	-	-	-	-
14 February 19	Months	-	300,000	300,000	-	-	-	-
14 February 19	Months	-	1,340,000	-	1,340,000	1,325,155	78	100.00
Total		108,000	4,380,000	3,148,000	1,340,000	1,325,155	78	100

Carrying value before fair value adjustment as at 31 March 2019 **1,325,032**

4.1.1 These carry rate of return ranging from 6.41 % to 10.85% per annum (30 June 2018: 5.83% to 6.9% per annum).

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that

NAFA GOVERNMENT SECURITIES SAVINGS FUND

disclosed in note 11 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 1.168 million for the period ended March 31, 2019 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2019 would have been higher by Rs. 0.0075 per unit (June 30, 2018: Rs. 0.0414 per unit).

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 March 2019 and as at June 30, 2018.

7 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

8 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ended March 31, 2019 is 1.31% which includes 0.34% representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

9 SELLING AND MARKETING EXPENSE

The SECP vide circular 40 of 2016 dated December 30, 2016 (later amended vide circular 05 of 2017 dated February 13, 2017 and circular 5 of 2018 dated June 4, 2018) has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds and money market funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower. Accordingly, the Management Company has charged selling and marketing expenses amounting to Rs. 2.915 million at the rate of 0.4% of the net assets of the Fund being lower than the actual expenses chargeable to the Fund for the period.

10 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons and related parties include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Baltoro Growth Fund being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

- 10.1 The transactions with connected persons and related parties are carried out in the normal course of business, at

NAFA GOVERNMENT SECURITIES SAVINGS FUND

contracted rates and terms determined in accordance with the market norms.

10.2 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

10.3 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

10.4 Transactions during the period:

	(Unaudited) Nine months ended	
	31 March 2019	31 March 2018

(Rupees in '000)

NBP Fund Management Limited

Remuneration of the Management Company	1,762	654
Sindh Sales Tax on remuneration of Management Company	229	85
Allocation of expenses related to registrar services, accounting, operation and valuation services	339	115
Sales load	44	6
Units issued: 331,036 units (31 March 2018: 5,593,008 units)	-	50,039
Units Redeemed: 3,423,160 units (31 March 2018: NIL units)	36,000	-
Dividend Re-invest 1,365 units.	3,414	-

National Bank of Pakistan Limited

Purchases of Market Treasury Bills	-	167,351
Sale of Market Treasury Bills	-	29,986

Employees of the Management Company

Units Issued: 966 units (31 March 2018: 28 units)	10	1
Units redeemed: 965 units (31 March 2018: NIL units)	10	-
Dividend Re-invest 1,365 units.	14	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	445	195
Sindh Sales Tax on remuneration of Trustee	58	25

Management Association of Pakistan

Units Issued: 966 units (31 March 2018: NIL units)	2,970	-
--	-------	---

10.5 Amounts outstanding as at period / year end:

	Unaudited 31 March 2019	Audited 30 June 2018
--	-------------------------------	----------------------------

(Rupees in '000)

NBP Fund Management Limited

Management remuneration payable	729	72
Sindh Sales Tax payable on management remuneration	95	9
Sales load and transfer load payable	162	122
Sindh Sales Tax on sales load	42	36
Allocation of expenses related to registrar services, accounting, operation and valuation services	339	76
Other payable	45	45

NAFA GOVERNMENT SECURITIES SAVINGS FUND

	Unaudited 31 March 2019	Audited 30 June 2018
	(Rupees in '000)	
Selling and Marketing Expenses Payable	115	-
Units held: 276,469 units (30 June 2018: 8,244,705 units)	56,470	89,214
Management Association of Pakistan		
Units held: 32,534 (30 June 2018: 31,169 units)	3,016	-
Employees of the Management Company		
Units held: 32,534 (30 June 2018: 31,169 units)	355	337
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	173	20
Sindh Sales Tax payable on Trustee remuneration	22	3
Security deposit	102	102
National Bank of Pakistan		
Bank balances	465	145
Profit receivable	-	2
Summit Bank Limited		
Bank balances	1,764	241
Bank Islami Pakistan Limited		
Balance in saving account	47	45
Profit receivable	-	1

11 GENERAL

11.1 Figures have been rounded off to the nearest thousand rupees.

11.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. There have been no significant reclassification during the period except for the impact of change in accounting policies.

12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on 26 April 2019 by the Board of directors of the Management Company.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices

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@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NAFA FINANCIAL SECTOR FUND

QUARTERLY

REPORT

MARCH

31, 2019



MISSION STATEMENT

To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NAFA FINANCIAL SECTOR FUND

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	14

NAFA FINANCIAL SECTOR FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nasir Husain	Director
Mr. Abdul Hadi Palekar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Humayun Bashir	Member
Mr. Nasir Husain	Member
Mr. Imran Zaffar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Nasir Husain	Member
Mr. Humayun Bashir	Member
Mr. Ali Saigol	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Shehryar Faruque	Member
Mr. Abdul Hadi Palekar	Member
Mr. Ali Saigol	Member

Trustee

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

Bankers to the Fund

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Al Habib Limited
Allied Bank Limited
Bankislami Pakistan Limited

NAFA FINANCIAL SECTOR FUND

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:

NBP City Branch, Hussain-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA FINANCIAL SECTOR FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited financial statements of **NAFA Financial Sector Fund (NFSF)** for the period ended March 31, 2019.

Fund's Performance

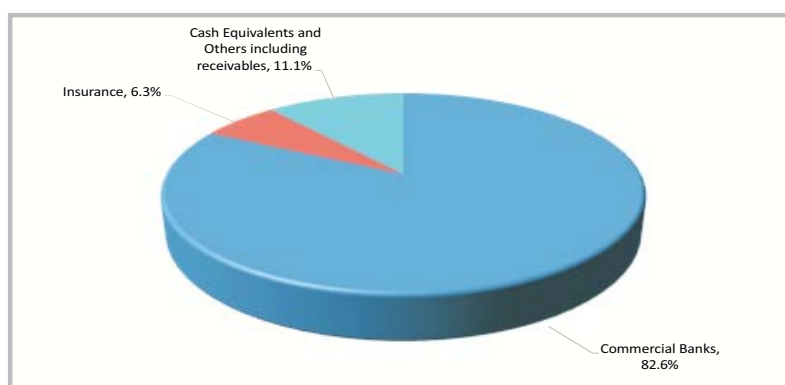
The size of NAFA Financial Sector Fund has increased from Rs. 1,036 million to Rs. 1,315 million during the period, i.e. a increase of 26.9%. During the period, the unit price of NAFA Financial Sector Fund (NFSF) has decreased from Rs. 10.0006 on June 30, 2018 to Rs. 9.7836 on March 31, 2019, thus showing a decrease of 2.17%. The Benchmark for the same period decreased by 7.29%. Thus, the Fund has outperformed its Benchmark by 5.12% during the period under review. Since inception, the unit price of NAFA Financial Sector Fund has decreased from Rs. 10.0000 on February 14, 2018 to Rs. 9.7836 on March 31, 2019, thus showing a decrease of 2.16%. The Benchmark for the same period decreased by 9.78%. Thus, the Fund has outperformed its Benchmark by 7.62% during the period under review. This performance is net of management fee and all other expenses.

9MFY19 has been a challenging period for the stock market, characterized by dismal performance, amplified volatility, and lackluster participation. Initially, the market celebrated the fortuitous transition between two democratically elected governments as it quelled the domestic political uncertainty, but the rally proved short-lived as investors' focus shifted from politics to the ailing economy as manifested by intractable twin deficits, especially the ballooning Current Account Deficit (CAD) and the consequent drain on the foreign exchange reserves. The government in its response, embarked on contractionary monetary and fiscal policies such as expanding and deepening the scope of duties on imported luxury goods, cut in public spending, and readjusting the overvalued Rupee against the US Dollar. Concomitantly, the Central Bank also raised the Policy Rate aggressively to rein in inflationary pressures and contain consumption-led demand pressures. This raised concern on economic growth slowdown and corporate profitability, especially of cyclical sectors that in turn dampened market sentiments during the period under review.

Delay in the IMF program also irked the market participants even though the government was able to secure a sizable financial assistance from friendly countries such as China, KSA and UAE that lent support to SBP's fast depleting FX reserves. In the meanwhile, the tightening policies started showing results as reflected by a substantial decline in CAD that clocked in at USD 873 million and USD 356 million in Jan-19 and Feb-19, respectively compared with the average monthly CAD of USD 1.27 billion in 1HFY19, which revived some confidence in the stocks during 3QFY19. However, the gains were capped by the escalation of tension between Pakistan and India post Pulwama attack in Indian occupied Kashmir. More specifically, the market (KSE 100 Index) surged by 4.3% in 3QFY19, offsetting some of the losses in 1HFY19, taking 9MFY19 decline to 7.8%.

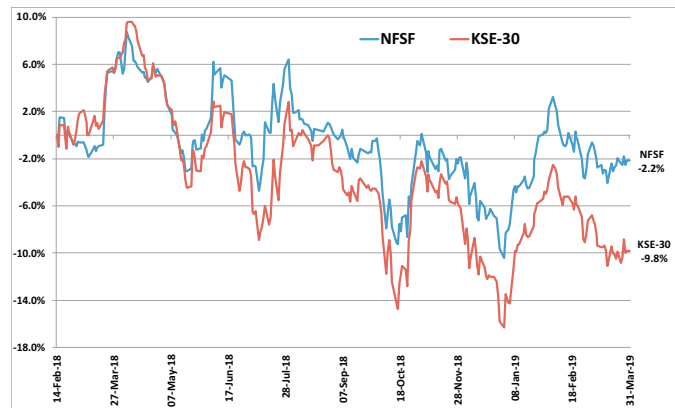
Defensive sectors such as Fertilizers, Commercial Banks, Oil & Gas Exploration, Textile Composite and Chemicals fared better than the market, while Engineering, Oil & Gas Marketing, Refineries, Cements, Autos and Power sectors underperformed the market during 9MFY19. On the trading activity front, Foreign Investors continued their unabated selling, which amounted to USD 373 million. On the local side, Mutual Funds also liquidated equities worth USD 59 million, while Insurance Companies, Individuals, and Companies emerged as large buyers with net inflows to the tune of USD 174 million, USD 144 million, and USD 73 million, respectively.

NAFA Financial Sector Fund has incurred a total loss of Rs. 8.296 million during the period. After accounting for total expenses of Rs. 29.145 million, the net loss is Rs. 37.441 million. The asset allocation of the Fund as on March 31, 2019 is as follows:



NAFA FINANCIAL SECTOR FUND

NFSF Performance versus Benchmark (Since Inception)



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

Director

Date: April 26, 2019
Place: Karachi.

NAFA FINANCIAL SECTOR FUND

ڈائریکٹر رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی مدت کے لئے NAFA فنانسشل سیکٹر فنڈ (NFSF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

فنانسشل سیکٹر فنڈ (NFSF) کا فنڈ سائز اس مدت کے دوران 1,036 ملین روپے سے بڑھ کر 1,315 ملین روپے ہو گیا جو 30 جون 2018 کے مقابلے 26.9% زیادہ ہے۔ اس مدت کے دوران، NAFA فنانسشل سیکٹر فنڈ (NFSF) کے یونٹ کی قیمت 30 جون 2018 کو 10.0006 روپے سے کم ہو کر 31 مارچ 2019 کو 9.7836 روپے ہو چکی ہے، لہذا 2.17% کی کمی ہوئی۔ اسی مدت کے دوران بیچ مارک میں 7.29% کی کمی ہوئی۔ لہذا فنڈ نے زیر جائزہ مدت کے دوران اپنے بیچ مارک سے 5.12% بہتر کارکردگی دکھائی۔ اپنے قیام 14 فروری 2018 سے اب تک فنڈ کے یونٹ کی قیمت 10.000 روپے سے کم ہو کر 31 مارچ 2019 کو 9.7836 روپے ہو گئی، لہذا 2.16% کی کمی ہوئی ہے۔ اس کے مقابلے میں بیچ مارک میں 9.78% کی کمی ہوئی۔ اس طرح فنڈ کی کارکردگی اپنے بیچ مارک کے مقابلے میں 7.62% بہتر رہی۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

مالی سال 2019 کی نو ماہی میں اسٹاک مارکیٹ، مایوس کن کارکردگی، عدم استحکام اور عدم دلچسپی کے باعث مشکل حالات سے دوچار رہی۔ ابتدائی طور پر مارکیٹ نے دو جمہوری منتخب حکومتوں میں خوش قسمت تبدیلی کو سراہا اور ملکی غیر یقینی سیاسی صورتحال کو استحکام بخشا۔ تاہم سرمایہ کاروں کا جوش وقتی ثابت ہوا جس کی وجہ سرمایہ کاروں کا سیاسی صورتحال سے خراب معیشت کی طرف متوجہ ہونا تھا جو کہ دوہرے خسارے، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ خسارہ (CAD) اور نتیجتاً غیر ملکی زرمبادلہ کے ذخائر میں کمی سے صاف ظاہر ہو رہی تھی۔ حکومت نے اس کے رد عمل میں پریشانیوں کی در آمد پر ڈیویڈنڈ میں اضافہ، عوامی اخراجات میں کمی اور امریکی ڈالر کے برعکس روپیہ کی قدر میں کمی کی ایڈجسٹمنٹ جیسی تخفیفی مانیٹری اور مالی پالیسیوں کا آغاز کیا۔ نتیجتاً سینٹرل بینک نے افراط زر کے دباؤ اور رکھپت پر مشتمل طلب کے دباؤ پر قابو پانے کے لئے پالیسی کی شرح میں خاطر خواہ اضافہ کر دیا اس سے اقتصادی نمو کی سست روی اور کارپوریٹ خاص طور پر گردش سیکٹر ز کیمنافع میں کمی سے تشویش بڑھ گئی جس کے نتیجے میں زیر جائزہ مدت کے دوران سرمایہ کاروں کے جذبات مدہم پڑ گئے۔

IMF پروگرام میں تاخیر نے مارکیٹ کے شرکاء کو بھی پریشان کیا باوجود اس کے حکومت چائنا، سعودی عرب اور متحدہ عرب امارات جیسے دوست ممالک سے قابل ذکر مالی امداد کو حاصل کرنے میں کامیاب ہوئی جو SBP کے تیزی سے کم ہوتے زرمبادلہ کے ذخائر کو مستحکم کرنے کے لئے معاون ثابت ہوئی۔ اسی اثناء میں، سخت پالیسیوں کے نتائج سامنے آنے شروع ہو گئے جو CAD میں خاطر خواہ کمی سے ظاہر ہوتا ہے۔ مالی سال 19 کی پہلی ششماہی میں 1.27 ملین امریکی ڈالر کے اوسط ماہانہ CAD کے مقابلے میں بالترتیب، جنوری-19 اور فروری-19 میں 873 ملین امریکی ڈالر اور 356 ملین امریکی ڈالر رہی ہے، جس نے مالی سال کی تیسری سہ ماہی کے دوران اسٹاک میں کچھ اعتماد بحال کیا۔ تاہم، مقبوضہ کشمیر میں پلوامہ حملے کے بعد پاکستان اور بھارت کے درمیان کشیدگی کے اضافے کی وجہ سے اسٹاک مارکیٹ کی سرگرمیاں محدود ہو گئیں۔ خاص طور پر، مالی سال 19 کی تیسری سہ ماہی میں مارکیٹ (KSE-100 انڈیکس) 4.3 فیصد تک بہتر ہوا جس کے نتیجے میں، مالی سال 19 کی پہلی ششماہی کے نقصانات کا کچھ ازالہ ہوا اور مالی سال 19 کی نو ماہی میں مارکیٹ کی کمی 7.8% تک رہ گئی۔

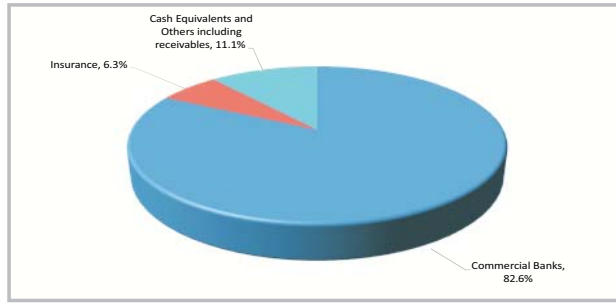
شعبہ جاتی کارکردگی کے حوالہ سے مالی سال 19 کی نو ماہی کے دوران کھاد، تجارتی بینکوں، آئل اینڈ گیس ایکسپلوریشن، ٹیکسٹائل کمپوزٹ اور کیمیکل نے مارکیٹ سے بہتر کارکردگی دکھائی ہے، جبکہ انجینئرنگ، آئل اینڈ گیس مارکیٹنگ، ریفائنری، سینٹ، آٹو اور بجلی کے شعبوں نے ابتر کارکردگی کا مظاہرہ کیا۔ مارکیٹ میں تجارتی سرگرمی کے لحاظ سے غیر ملکی

NAFA FINANCIAL SECTOR FUND

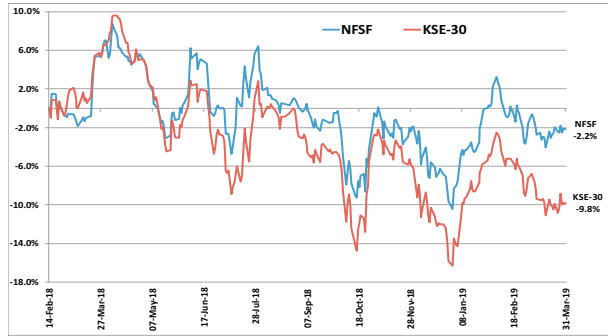
سرمایہ کار 373 ملین امریکی ڈالر کے حجم کے ساتھ خالص فروخت کنندہ رہے۔ مقامی سرمایہ کاروں میں میوچل فنڈز نے 59 ملین امریکی ڈالر کی ایکویٹی فروخت کیں جبکہ انشورنس، انفرادی سرمایہ کار اور کمپنیاں، اس عرصے کے دوران بالترتیب 174 ملین امریکی ڈالر، 144 ملین امریکی ڈالر اور 73 ملین امریکی ڈالر کے حجم کے ساتھ خالص خریدار رہے۔

NAFA فنانیشل سیکٹر فنڈ کو اس مدت کے دوران 8.296 ملین روپے کا مجموعی نقصان ہوا۔ 29.145 ملین روپے کے مجموعی اخراجات منہا کرنے کے بعد خالص نقصان 37.441 ملین روپے رہا۔

31 مارچ 2019 کے مطابق فنڈ کی ایسٹ ایلو کیشن حسب ذیل ہے:



NFSF کی کارکردگی بمقابلہ بنچ مارک



اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔ بورڈ اپنے اسٹاف اور رٹسٹی کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹر

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 26 اپریل 2019

مقام: کراچی

NAFA FINANCIAL SECTOR FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

	Note	Un-Audited March 31, 2019	Audited June 30 2018
-----Rupees in '000-----			
ASSETS			
Balances with banks		122,716	142,327
Investments	4	1,168,207	899,524
Profit and Dividend receivable		28,421	486
Receivable against sale of investments		2,105	-
Advances, deposits and other receivables		2,957	2,948
Preliminary expenses and floatation costs		2,593	3,095
Total Assets		1,326,999	1,048,380
LIABILITIES			
Payable to the Management Company		10,900	11,200
Payable to Central Depository Company of Pakistan Limited - Trustee		222	197
Payable to Securities and Exchange Commission of Pakistan		812	333
Accrued expenses and other liabilities		544	760
Total Liabilities		12,478	12,490
NET ASSETS		1,314,521	1,035,890
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		1,314,521	1,035,890
Number of units in issue		134,359,772	103,582,997
NET ASSET VALUE PER UNIT		9.7836	10.0006

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

	Nine Months Ended March 31, 2019	For the period from February 14, 2018 to March 31, 2018	Quarter Ended March 31, 2019	For the period from February 14, 2018 to March 31, 2018
Note -----(Rupees in '000)-----				
INCOME				
Net (loss) / gain on sale of investments	(26,077)	1,729	(2,801)	1,729
Dividend Income	43,370	11,118	27,187	11,118
Profit on bank deposits	9,057	1,148	3,054	1,148
Net unrealised (diminution) / appreciation on re-measurement as 'financial assets at fair value through profit or loss'	(34,646)	38,076	64,876	38,076
Total (loss) / income	(8,296)	52,071	92,316	52,071
EXPENSES				
Remuneration of Management Company	17,092	1,512	5,843	1,512
Sindh sales tax on remuneration of the Management Company	2,222	197	760	197
Accounting and operational expenses	855	76	293	76
Selling and marketing expense	3,418	302	1,168	302
Remuneration of Trustee	1,604	151	539	151
Sindh Sales Tax on remuneration of the Trustee	208	20	70	20
Annual fee - Securities and Exchange Commission of Pakistan	812	72	278	72
Amortisation of preliminary expenses and floatation costs	502	84	164	84
Securities transaction cost	1,954	797	604	797
Printing charges	24	25	1	25
Annual listing fee	17	10	3	10
Auditors' remuneration	250	61	55	61
Settlement and bank charges	169	109	14	109
Legal & Professional charges	18	12	2	12
Total Expenses	29,145	3,428	9,794	3,428
Net (loss) / income from operating activities	(37,441)	48,643	82,522	48,643
Provision for Sindh Workers' Welfare Fund	-	(973)	-	(973)
Net (loss) / income for the period before taxation	(37,441)	47,670	82,522	47,670
Taxation	-	-	-	-
Net (loss) / income for the period after taxation	(37,441)	47,670	82,522	47,670
Allocation of net income for the period:				
Net income for the period after taxation	-	47,670	-	47,670
Income already paid on units redeemed	-	(4,408)	-	(4,408)
	-	43,262	-	43,262
Accounting income available for distribution:				
-Relating to capital gains	-	36,556	-	36,556
-Excluding capital gains	-	6,706	-	6,706
	-	43,262	-	43,262

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

	Nine Months Ended March 31, 2019	For the period from February 14, 2018 to March 31, 2018	Quarter Ended March 31, 2019	For the period from February 14, 2018 to March 31, 2018
	------(Rupees in '000)-----			
Net (loss) / income for the period after taxation	(37,441)	47,670	82,522	47,670
Other Comprehensive Income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(37,441)</u>	<u>47,670</u>	<u>82,522</u>	<u>47,670</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	For the nine months period ended March 31, 2019			For the period from February 14, 2018 to March 31, 2018		
	-----Rupees in '000-----			-----Rupees in '000-----		
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total
Net assets at beginning of the period	1,065,800	(29,910)	1,035,890	-	-	-
Issue of 124,814,333 units (2018: 101,694,395 units)						
- Capital value (at net asset value per unit at the beginning of the period)	1,248,218	-	1,248,218	1,016,944	-	1,016,944
- Element of loss	(2,406)	-	(2,406)	19,039	-	19,039
Total proceeds on issuance of units	1,245,812	-	1,245,812	1,035,983	-	1,035,983
Redemption of 94,037,558 units (2018: 13,169,292 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(940,432)	-	(940,432)	(131,693)	-	(131,693)
- Element of income	10,692	-	10,692	(164)	(4,408)	(4,572)
Total payments on redemption of units	(929,740)	-	(929,740)	(131,857)	(4,408)	(136,265)
Total comprehensive (loss) / income for the period	-	(37,441)	(37,441)	-	47,670	47,670
Net assets at end of the period	1,381,872	(67,351)	1,314,521	904,126	43,262	947,388
Undistributed income brought forward						
- Realised income		2,815			-	
- Unrealised loss		(32,725)			-	
		(29,910)			-	
Accounting income available for distribution						
- Relating to capital gains		-			36,556	
- Excluding capital gains		-			6,706	
		-			43,262	
Net loss for the period after taxation		(37,441)			-	
Undistributed income carried forward		(67,351)			43,262	
Undistributed income carried forward						
- Realised (loss) / income		(32,705)			5,186	
- Unrealised (loss) / income		(34,646)			38,076	
		(67,351)			43,262	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		10.0006			10.0000	
Net assets value per unit at end of the period		9.7836			10.7019	

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

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

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Nine Months Ended March 31, 2019	For the period from February 14, 2018 to March 31, 2018
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss) / income for the period before taxation	(37,441)	47,670
Adjustments		
Net unrealised diminution / (appreciation) on re-measurement as 'financial assets at fair value through profit or loss'	34,646	(38,076)
	(2,795)	9,594
(Increase) / decrease in assets		
Investments	(303,329)	(596,581)
Profit and Dividend receivable	(27,935)	(11,756)
Advances, deposits and other receivables	(9)	(2,615)
Receivable against sale of investments	(2,105)	-
Preliminary expenses and flotation costs	502	(3,260)
	(332,876)	(614,212)
(Decrease) / increase in liabilities		
Payable to the Management Company	(300)	8,407
Payable to the Trustee	25	127
Payable to the Securities and Exchange Commission of Pakistan	479	71
Payable against purchase of investments	-	8,087
Accrued expenses and other liabilities	(216)	1,860
	(12)	18,552
Net cash (used in) operating activities	(335,683)	(586,066)
Net receipts from issue of units	1,245,812	1,035,983
Net payments on redemption of units	(929,740)	(136,265)
Net cash generated from financing activities	316,072	899,718
Net (decrease) / increase in cash and cash equivalents during the period	(19,611)	313,652
Cash and cash equivalents at the beginning of the period	142,327	-
Cash and cash equivalents at the end of the period	122,716	313,652

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Financial Sector Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on January 10, 2018 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 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).

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange.

The Fund is categorized as an Open-End "Financial Sector Equity Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

The objective of NAFA Financial Sector Fund is to provide investors with long term capital growth from an actively managed portfolio of listed equities belonging to the Financial Sector. The investment objectives and policies are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM 1 as at December 28, 2018 to the Management Company. The Fund has not yet been rated..

The duration of the Fund is perpetual. However, SECP or the Management Company may wind it up on the occurrence of certain events as specified in the offering document of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

NAFA FINANCIAL SECTOR FUND

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018 except for the change in accounting policy as explained in note 3.2.

3.2 Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has an impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these condensed interim financial statements.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

3.3 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources

NAFA FINANCIAL SECTOR FUND

of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2018. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

	Note	(Un-Audited) March 31, 2019	(Audited) June 30, 2018
		----- Rupees in '000 -----	
4 INVESTMENTS			
Financial assets at fair value through profit or loss			
- Listed equity securities	4.1	<u>1,168,207</u>	<u>899,524</u>

4.1 Investments in shares of listed companies at fair value through profit or loss

Investment as a percentage of									
Name of the investee company	As at July 1, 2018	Purchases during the period	Bonus / right shares	Sales during the period	As at March 31, 2019	Market Value as at March 31, 2019	Market value as a percentage of net assets	Market value as a percentage of total investment	Paid up capital of investee company held
Number of shares						(Rupees in '000)	%		
COMMERCIAL BANKS									
Allied Bank Limited	731,000	727,600	-	144,000	1,314,600	142,029	10.80	12.16	0.11
Askari Bank Limited	2,042,500	721,500	-	917,500	1,846,500	37,761	2.87	3.23	0.15
Bank Al-Falah Limited	2,231,500	1,663,500	225,850	1,312,000	2,808,850	132,213	10.06	11.32	0.16
Bank Al-Habib Limited	1,200,000	1,267,000	-	564,000	1,903,000	163,011	12.40	13.95	0.17
Bank Of Punjab Limited	2,646,000	9,052,000	-	3,595,500	8,102,500	105,495	8.03	9.03	0.31
Faysal Bank Limited	2,274,875	829,500	-	1,436,500	1,667,875	39,262	2.99	3.36	0.11
Habib Bank Limited	845,200	1,188,500	-	1,245,000	788,700	104,495	7.95	8.94	0.05
Habib Metropolitan Bank Limited	1,670,000	-	-	1,513,500	156,500	6,492	0.49	0.56	0.01
MCB Bank Limited	422,300	667,000	-	221,000	868,300	170,647	12.98	14.61	0.07
National Bank Of Pakistan	1,058,000	911,000	-	1,423,000	546,000	21,873	1.66	1.87	0.03
United Bank Limited	485,800	1,090,100	-	669,000	906,900	126,540	9.63	10.83	0.07
Meezan Bank Limited	-	360,500	-	-	360,500	35,708	2.72	3.06	0.03
INSURANCE									
Adamjee Insurance Company Limited	991,000	1,546,500	-	473,000	2,064,500	82,683	6.29	7.08	0.59
					23,334,725	1,168,207	89	100	

Carrying value as at March 31, 2019

1,202,853

- 4.2 Investments include shares with market value of Rs 148.12 (June 30, 2018: Rs 206.996) million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular number 11 dated October 23, 2007 issued by the SECP.

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

NAFA FINANCIAL SECTOR FUND

6 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

7 SELLING AND MARKETING EXPENSES

The SECP vide circular 40 of 2016 dated December 30, 2016 (later amended vide circular 05 of 2017 dated February 13, 2017 and circular 5 of 2018 dated June 4, 2018) has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds and money market funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower. Accordingly, the Management Company has charged selling and marketing expenses amounting to Rs. 3.418 million at the rate of 0.4% of the net assets of the Fund being lower than the actual expenses chargeable to the Fund for the period.

8 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ended March 31, 2019 is 3.41% which includes 0.38% representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

9 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 9.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the Fund.
- 9.2 The transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 9.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

NAFA FINANCIAL SECTOR FUND

-----Unaudited -----
Nine months ended For the period
March 31, from February
2019 14, 2018 to
March 31,
2018
 -----(Rupees in '000)-----

9.5 Details of the transactions with connected persons are as follows:

NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	17,092	1,512
Sindh sales tax on remuneration of the Management Company	2,222	197
Accounting and operational expenses	855	76
Selling and marketing expense	3,418	302
Units issued / transferred In 4,814,847 (2018: Nil)	50,000	-
Units redeemed / transferred out 9,194,271 (2018: Nil)	91,484	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,604	151
Sindh Sales Tax on remuneration of Trustee	208	20
Employees of the Management Company		
Units issued / transferred In 918,897 (2018: 561,007)	9,237	5,631
Units redeemed / transferred out 1,004,445 (2018: 20,970)	9,902	211
Humayun Bashir (Director)		
Units issued / transferred In 503,591 (2018: 2,647,103)	5,000	26,659
Units redeemed / transferred out 1,015,513 (2018: 999,111)	9,949	10,000
Portfolios Managed by Management Company		
Units issued / transferred In 7,303,902 (2018: Nil)	68,618	-
Units redeemed / transferred out 1,015,513 (2018: 999,111)	30,030	-
Remuneration		
Summit Bank Limited (Common Directorship)		
Units issued / transferred In Nil (2018: 1,997,483)	-	20,000
Units redeemed / transferred out Nil (2018: 1,997,483)	-	20,052
Taurus Securities Limited (Subsidiary of Parent)		
Brokerage	97	39
Bank Islami Pakistan Limited (Common Directorship)		
Profit on bank deposits	4,196	980
* Rehan Bashir (More than 10% unit holding in the Fund)		
Units issued / transferred In Nil (2018: 20,277,561)	-	222,154
Units redeemed / transferred out Nil (2018: 30,397,888)	-	330,000
National Bank of Pakistan (Parent Company)		
Shares purchased: 911,000 (2018: 470,500)	44,609	23,184
Shares sold: 1,423,000 (2018: Nil)	68,382	-
Askari Bank Limited (Common Directorship)		
Shares purchased: 721,500 (2018: 1,584,000)	16,939	33,714
Shares sold: 917,500 (2018: Nil)	21,078	-
** United Bank Limited (More than 10% unit holding in the Fund)		
Units issued / transferred In 24,926,934 (2018: Nil)	250,000	-

NAFA FINANCIAL SECTOR FUND

	Un-audited March 31, 2019	Audited June 30, 2018
	------(Rupees in '000)-----	
9.6 Amounts outstanding as at period end		
NBP Fund Management Limited - Management Company		
Remuneration payable to the Management Company	2,233	1,843
Sindh Sales Tax on remuneration of Management Company	290	240
Accounting and operational charges	292	350
Selling and marketing expenses	1,169	1,401
Sales load and transfer load payable	807	1,210
Sindh Sales Tax payable on sales load and transfer load	105	157
Other payable to management company	6,004	5,999
Units held - Nil (June 30, 2018: 4,379,424)	-	43,797
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	197	174
Sindh Sales Tax on remuneration	26	23
Security deposit	100	100
Employees of the Management Company		
Units held - 553,372 units (June 30, 2018: 638,921)	5,414	6,390
National Bank of Pakistan - Parent Company		
Shares held - 546,000 (June 30, 2018: 1,058,000)	21,873	50,117
Portfolios Managed by Management Company		
Units held - 5,653,854 (June 30, 2018: 1,402,885)	55,316	14,030
BankIslami Pakistan Limited - (Common Directorship)		
Bank balances	8,243	131,746
Profit receivable	191	459
Summit Bank Limited - (Common Directorship)		
Bank balances	1,343	852
Askari Bank Limited (Common Directorship)		
Shares held - 1,846,500 (June 30, 2018: 1,058,000)	37,761	-
** United Bank Limited (More than 10% unit holding in the Fund)		
Units held - 24,926,934 units (June 30, 2018: Nil)	243,875	-
Taurus Securities Limited - (Subsidiary of Parent Company)		
Brokerage payable	-	28
* Current balances with these parties have not been disclosed as they did not remain connected persons and related parties during the period.		
** Comparative transactions with these parties have not been disclosed as these parties were not related in last year		

NAFA FINANCIAL SECTOR FUND

10 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 26, 2019.

11 GENERAL

11.1 Figures have been rounded off to the nearest thousand rupees.

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

Chief Financial Officer

Chief Executive Officer

Director

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

[jamapunji.pk](https://www.facebook.com/jamapunji.pk)

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

Head Office

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

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: INVEST to 9995

Fax: 021-35825335

Email: info@nbpffunds.com

Website: www.nbpffunds.com

 /nbpffunds



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NAFA FINANCIAL SECTOR INCOME FUND

QUARTERLY

REPORT

MARCH

31, 2019



MISSION STATEMENT

To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NAFA FINANCIAL SECTOR INCOME FUND

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	14

NAFA FINANCIAL SECTOR INCOME FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nasir Husain	Director
Mr. Abdul Hadi Palekar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Humayun Bashir	Member
Mr. Nasir Husain	Member
Mr. Imran Zaffar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Nasir Husain	Member
Mr. Humayun Bashir	Member
Mr. Ali Saigol	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Shehryar Faruque	Member
Mr. Abdul Hadi Palekar	Member
Mr. Ali Saigol	Member

Trustee

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

Bankers to the Fund

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
Sindh Bank Limited
National Bank of Pakistan
Samba Bank Limited
Zarai Taraqiat Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
The Bank of Punjab
Albaraka Bank of Pakistan
Bank Islami Pakistan Limited

NAFA FINANCIAL SECTOR INCOME FUND

U Microfinance Bank Limited
Telenor Microfinance Bank Limited
Khushali Microfinance Bank Limited
The First Microfinance Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Buildings,
Ground No. 2 Shaheed Chaudary Aslam Rd,
Civil Lines, Karachi, 75530

Legal Advisor

Akhund Forbes
D-21, Block, 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
Phone: 051-2514987
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:

NBP City Branch, Hussain-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA FINANCIAL SECTOR INCOME FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited financial statements of **NAFA Financial Sector Income Fund (NFSIF)** for the period ended March 31, 2019.

Fund's Performance

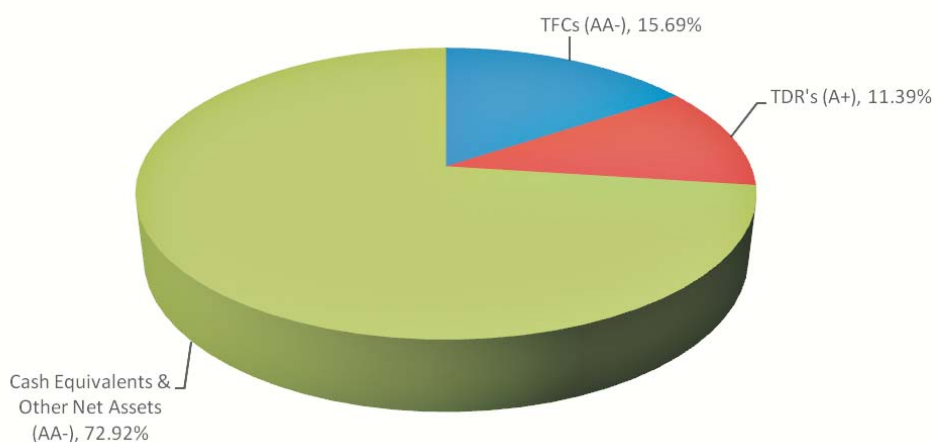
The size of NAFA Financial Sector Income Fund has almost doubled from Rs. 2,355 million to Rs. 4,326 million during the period (i.e. an outstanding growth of 84%). During the period, the unit price of the Fund has increased from Rs. 10.1338 (Ex-Div) on June 30, 2018 to Rs. 10.7865 on March 31, 2019, thus showing a return of 8.6% as compared to its benchmark return of 9.6% for the same period. The performance of the Fund is net of management fee and other expenses.

The Fund is unique as it invests a minimum 70% of its assets in financial sector (mainly banks) debt securities, instruments or deposits. Minimum entity/instrument rating of debt securities is 'AA-'. This minimizes credit risk and at the same time enhances the liquidity of the Fund. Duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances the liquidity profile of the Fund. The Fund has been assigned 'A+ (f)' fund stability rating by PACRA.

During 9MFY2019, the State Bank of Pakistan (SBP) pursued tightening monetary policy and cumulatively hiked the Discount Rate by 425 basis points to 11.25% to contain underlying inflationary pressures and restore financial stability. Since FY2019, sovereign yields responded consequently to every policy rate increase. The yields on T-bills for 3-month, 6-month and 12-month tenors increased by 412 basis points, 410 basis points and 395 basis points respectively during the period under review. Similarly, 10-year PIB yield inched up by 410 basis points to 13.12%. Foreseeing further upside risks to inflation and interest rates, investors' preference remained tilted towards shorter tenor maturities.

After remaining relatively dormant, the market witnessed a surge in fresh issuances of debt securities to meet the increasing working capital and fixed capital investment requirement during the period under review. However, trading activity in corporate debt securities remained thin and was recorded at Rs. 11.4 billion compared to Rs. 16.1 billion in the same period last year. Trading activity in the longer tenor sovereign bonds (PIBs) also remained subdued mainly due to upside risks to interest rates.

The Fund has earned total income of Rs.253.706 million during the period. After accounting for expenses of Rs.41.625 million, the net income is Rs.212.081 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NFSIF:



NAFA FINANCIAL SECTOR INCOME FUND

DIRECTORS' REPORT

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

Director

Date: April 26, 2019
Place: Karachi.

NAFA FINANCIAL SECTOR INCOME FUND

ڈائریکٹر زریورٹ

NBP فنڈ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی مدت کے لئے NAFA فنانسشل سیکٹر انکم فنڈ (NFSIF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

NAFA فنانسشل سیکٹر انکم فنڈ (NFSIF) کا فنڈ سائز اس مدت کے دوران 2,355 ملین روپے سے بڑھ کر 4,326 ملین روپے تقریباً دوگنا ہو گیا یعنی 84% کا خاطر خواہ اضافہ۔ اس مدت کے دوران، پونٹ کی قیمت 30 جون 2018 کو 10.1338 روپے (Ex-Div) سے بڑھ کر 31 مارچ 2019 کو 10.7865 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لئے اپنے بچہ مارک منافع 9.6% کے مقابلے میں 8.6% کا منافع درج کر لیا۔ یہ کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

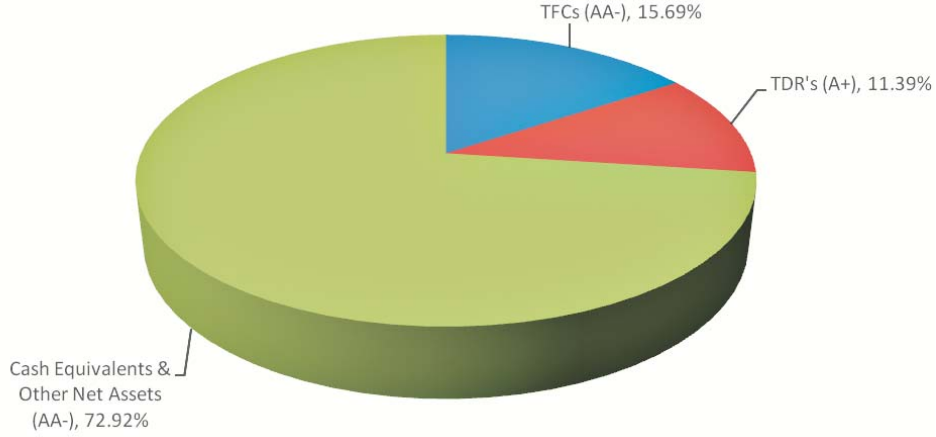
فنڈ اس حوالے سے منفرد ہے کہ یہ اپنے اثاثوں کا کم از کم 70% فنانسشل سیکٹر (بنیادی طور پر بینکس) Debt سیکورٹیز، انسٹرومنٹ یا ڈپازٹس میں سرمایہ کاری کرتا ہے۔ Debt سیکورٹیز کی کم از کم ایمٹی / انسٹرومنٹ ریٹنگ "AA-" ہیں۔ اس سے کریڈٹ رسک میں کمی اور اس کے ساتھ ساتھ فنڈ کی لیکویڈیٹی میں اضافہ ہوتا ہے۔ فنڈ کی میعاد ایک سال سے زائد نہیں ہو سکتی۔ یہ شرح سود یا پرائنگ رسک کو کم کرتا ہے۔ فنڈ اپنے اثاثوں کا 25 فیصد، 90 دن سے کم مدت کے T-Bills بلز میں یا بینکوں کے ساتھ سیونگ اکاؤنٹس میں سرمایہ کاری کرتا ہے جس سے فنڈ کے لیکویڈیٹی پر وفاق میں مزید اضافہ ہو جاتا ہے۔ اس فنڈ کو PACRA کی طرف سے 'A+(f)' کی مستحکم ریٹنگ دی گئی۔

مالی سال 2019 کی نو ماہی کے دوران، بنیادی افراط زر کے دباؤ کی روک تھام اور مالیاتی استحکام کو بحال کرنے کے لئے اسٹیٹ بینک آف پاکستان (SBP) نے سخت مانیٹری پالیسی پر عمل درآمد کرتے ہوئے پالیسی کی شرح 425 پیسے پوائنٹ اضافے کے ساتھ 11.25% کر دی۔ مالی سال 2019 سے، ہر پالیسی کی شرح میں اضافہ کے نتیجے میں Sovereign Yields میں بھی اضافہ دیکھا گیا۔ 3 ماہ، 6 ماہ اور 12 ماہ کے T-bills پر yields زیر جائزہ مدت کے دوران علی الترتیب 412 پیسے پوائنٹس، 410 پیسے پوائنٹس اور 395 پیسے پوائنٹس تک کا اضافہ ہوا۔ اسی طرح 10 سالہ PIB کی yield 410 پیسے پوائنٹس کے اضافہ کے ساتھ 13.12% ہو گئی۔ افراط زر کے خدشات اور شرح سود میں اضافہ کے پیش نظر سرمایہ کاروں نے حکومت کی قلیل المدت میچورٹیز کو ترجیح دی۔

نسبتاً غیر فعال رہنے کے بعد، زیر جائزہ مدت کے دوران مارکیٹ میں بڑھتے ہوئے ورکنگ کیپٹل اور فیکسڈ کیپٹل انویسٹمنٹ کی ضروریات کو پورا کرنے کے لئے Debt سیکورٹیز کے نئے اجراء میں اضافہ دیکھا گیا۔ تاہم، کارپوریٹ Debt سیکورٹیز میں تجارتی سرگرمی گزشتہ سال کی بنسبت کم رہی اور گزشتہ سال کی اسی مدت میں 16.1 ملین روپے کے مقابلے میں 11.4 ملین روپے درج کی گئی۔ طویل المدت حکومتی بانڈز (PIBs) میں تجارتی سرگرمی بھی شرح سود بڑھنے کے خدشات کے سبب کم رہی۔

NAFA FINANCIAL SECTOR INCOME FUND

فونڈ نے موجودہ مدت کے دوران 253.706 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 41.625 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 212.081 ملین روپے ہے۔ درج ذیل چارٹ NFSIF کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



اظہار تشکر

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

بورڈ اپنے اسٹاف اور آرٹسٹ 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

تاریخ: 26 اپریل 2019

مقام: کراچی

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

	Note	Unaudited March 31, 2019 (Rupees in '000)	Audited June 30, 2018 (Rupees in '000)
Assets			
Bank balances		3,159,411	1,601,764
Investments	4	1,171,294	995,606
Profit receivable		34,350	10,613
Security deposit		100	100
Advance, Prepayment and other receivable		275	268
Total assets		4,365,430	2,608,351
Liabilities			
Payable to the Management Company		9,768	3,767
Payable to the Trustee		423	281
Payable to Securities and Exchange Commission of Pakistan		1,869	1,494
Payable against redemption of units		1,050	325
Payable against purchase of investments		-	223,657
Accrued expenses and other liabilities		26,245	23,918
Total liabilities		39,355	253,442
Net assets		4,326,075	2,354,909
Unit holders' fund (as per statement attached)		4,326,075	2,354,909
Contingency and commitment	6		
		(Number of units)	
Number of units in issue		401,063,683	211,680,174
		(Rupees)	
Net assets value per unit		10.7865	11.1248

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

Note	Nine months period ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- (Rupees in '000) -----				
Income				
Income from term deposit receipts	33,879	17,958	13,101	7,764
Income from term finance certificates and commercial paper	47,674	22,337	19,071	6,067
Income from certificate of investment	-	3,889	-	3,675
Income from letter of placement	-	183	-	183
Profit on bank deposits	174,459	49,837	75,752	17,718
Net unrealised (diminution)/appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(2,306)	(88)	1,133	(19)
Total income	253,706	94,116	109,057	35,388
Expenses				
Remuneration of Management Company	18,011	8,940	7,156	3,423
Sindh Sales Tax on remuneration of the Management Company	2,341	1,162	930	445
Remuneration of Trustee	2,756	1,803	990	658
Sindh Sales Tax on remuneration of the Trustee	358	234	128	85
Annual fee - Securities and Exchange Commission of Pakistan	1,869	1,027	689	394
Accounting and operational charges to the Management Company	2,492	1,370	918	527
Selling & Marketing expenses	8,048	-	3,674	-
Securities transaction costs	50	-	-	-
Settlement and bank charges	464	407	152	101
Annual listing fee	21	21	7	7
Auditors' remuneration	534	464	151	98
Legal and Professional charges	37	8	14	8
Mutual fund rating fee	285	245	98	81
Printing charges	31	124	13	74
Total expenses	37,297	15,805	14,920	5,901
Net income from operating activities	216,409	78,311	94,137	29,487
Provision for Sindh Workers' Welfare Fund	(4,328)	(1,566)	(1,883)	(590)
Net income for the period before taxation	212,081	76,745	92,254	28,897
Taxation	-	-	-	-
Net income for the period after taxation	212,081	76,745	92,254	28,897
Allocation of net income for the period after taxation				
Net income for the period	212,081	76,745	92,254	28,897
Income already paid on units redeemed	(37,449)	(18,767)	(7,380)	(10,909)
	174,632	57,978	84,874	17,988
Accounting income available for distribution:				
-Relating to capital gains	-	-	-	-
-Excluding capital gains	174,632	57,978	84,874	17,988
	174,632	57,978	84,874	17,988

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

	Nine months period ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- (Rupees in '000) -----			
Net income for the period after taxation	212,081	76,745	92,254	28,897
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	212,081	76,745	92,254	28,897

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Nine months period ended					
	March 31, 2019			March 31, 2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	2,175,702	179,207	2,354,909	1,050,402	101,967	1,152,369
Issue of 519,628,592 units (2018: 314,525,476 units)						
- Capital value	5,452,619	-	5,452,619	3,300,410	-	3,300,410
- Element of income	83,990	-	83,990	71,978	-	71,978
Total proceeds on issuance of units	5,536,609	-	5,536,609	3,372,388	-	3,372,388
Redemption of 330,245,083 units (2018: 221,846,841 units)						
- Capital value	(3,465,361)	-	(3,465,361)	(2,327,905)	-	(2,327,905)
- Element of loss	(29,677)	(37,449)	(67,126)	(37,376)	(18,767)	(56,143)
Total payments on redemption of units	(3,495,038)	(37,449)	(3,532,487)	(2,365,281)	(18,767)	(2,384,048)
Final distribution for the year ended June 30, 2018 @ Rs. 0.6309 declared on July 04, 2018 (2017: Nil)						
- Cash distribution	-	(77,157)	(77,157)	-	-	-
- Refund of capital	(56,392)	-	(56,392)	-	-	-
	(56,392)	(77,157)	(133,549)	-	-	-
Interim distribution @ Rs. 0.3729 declared on December 21, 2018 (2017: Nil)						
- Capital value	-	(81,568)	(81,568)	-	-	-
- Refund of capital	(29,920)	-	(29,920)	-	-	-
	(29,920)	(81,568)	(111,488)	-	-	-
Total comprehensive income for the period	-	212,081	212,081	-	76,745	76,745
Net assets at end of the period	4,130,961	195,114	4,326,075	2,057,509	159,945	2,217,453
Undistributed income brought forward						
- Realised income		175,373			104,299	
- Unrealised income / (loss)		3,834			(2,332)	
		179,207			101,967	
Accounting income available for distribution:						
- Relating to capital gains	-			-		
- Excluding capital gains	174,632			57,978		
	174,632			57,978		
Final distribution for the year ended June 30, 2018		(77,157)				
Interim distribution made during the period		(81,568)				
Undistributed income carried forward		195,114			159,945	
Undistributed income carried forward						
- Realised income		197,420			160,033	
- Unrealised (loss)		(2,306)			(88)	
		195,114			159,945	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		11.1248			10.4933	
Net assets value per unit at end of the period		10.7865			10.9505	

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Nine months ended	
	March 31, 2019	March 31, 2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	212,081	76,745
Adjustments:		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	2,306	88
	<u>214,387</u>	<u>76,833</u>
(Increase) / decrease in assets		
Investments - net	(177,994)	(205,552)
Advance, prepayments and other receivables	(7)	157
Profit receivables	(23,737)	(8,274)
	<u>(201,738)</u>	<u>(213,669)</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	6,001	1,555
Payable to the Trustee	142	249
Payable to Securities and Exchange Commission of Pakistan	375	330
Payable against purchase of investments	(223,657)	-
Accrued expenses and other liabilities	2,328	(9,189)
	<u>(214,811)</u>	<u>(7,055)</u>
Net cash (used in) operating activities	<u>(202,162)</u>	<u>(143,891)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	5,450,296	3,374,311
Payments against redemption of units	(3,531,762)	(2,393,153)
Distribution paid	(158,725)	-
Net cash generated from financing activities	<u>1,759,809</u>	<u>981,158</u>
Net increase in cash and cash equivalents during the period	1,557,647	837,266
Cash and cash equivalents at beginning of the period	1,601,764	779,534
Cash and cash equivalents at end of the period	<u>3,159,411</u>	<u>1,616,800</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA FINANCIAL SECTOR INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** NAFA Financial Sector Income Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on July 28, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 16, 2011 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of Mutual Funds Association of Pakistan (MUFAP).
- 1.3** The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange. Units of the Fund are offered for public subscription on a continuous basis. These units are transferable and can be redeemed by surrendering to the Fund. The Fund is categorized as an Open-End "Income Scheme" as per the criteria laid down by the SECP for categorization of Collective Investment Schemes (CISs).
- 1.4** The core objective of the Fund is to provide income enhancement and preservation of capital by investing in prime quality Financial Sector term finance certificates (TFCs) / sukuku, bank deposits and short-term money market instruments.
- 1.5** The Pakistan Credit Rating Agency (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and stability rating of 'A+(f)' to the Fund.
- 1.6** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

NAFA FINANCIAL SECTOR INCOME FUND

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018 except for the change in accounting policy as explained in note 3.2.

3.2 Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has an impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these condensed interim financial statements.

"IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income ("FVOCI") or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost."

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

3.3 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2018. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

NAFA FINANCIAL SECTOR INCOME FUND

4 INVESTMENTS

Investments by category		March 31, 2019 Unaudited (Rupees in '000)	June 30, 2018 Audited
Financial assets 'at fair value through profit or loss'			
Term finance certificates - listed	4.1	322,938	225,016
Term finance certificates - unlisted	4.2	355,779	376,779
Financial Assets at Amortized Cost			
Term deposit receipts - long term	4.3	492,577	393,811
		1,171,294	995,606

4.1 Term finance certificates - listed

All certificates have a face value of Rs. 5,000 each unless stated otherwise.

Name of the investee company	As at 01 July 2018	Purchases during the period	Sales / matured during the period	As at 31 March 2019	Market Value as at 31 March 2019	Market Value as a percentage of net assets	Market Value as a percentage of total investments
----- Number of certificates ----- (Rupees in '000) -----(%)-----							
MCB Bank Limited	45,000	-	-	45,000	224,634	5.19%	19.18%
Habib Bank Limited	-	1,000	-	1,000	98,304	2.27%	8.39%
	45,000	1,000	-	46,000	322,938	7.46%	27.57%

Carrying value before fair value adjustments as at 31 March 2019.

321,365

4.2 Term finance certificates - unlisted

All certificates have a face value of Rs. 5,000 each unless stated otherwise.

	As at 01 July 2018	Purchases during the period	Sales / matured during the period	As at 31 March 2019	Market Value as at 31 March 2019	Market Value as a percentage of net assets	Market Value as a percentage of total investments
----- Number of certificates ----- (Rupees in '000) -----(%)-----							
JS Bank Limited	23,400	-	-	23,400	117,413	2.71%	10.02%
Jahangir Siddiqui & Company Limited	4,000	-	-	4,000	12,500	0.29%	1.07%
Jahangir Siddiqui & Company Limited	23,340	-	-	23,340	101,806	2.35%	8.69%
Jahangir Siddiqui & Company Limited	15,000	-	-	15,000	74,907	1.73%	6.40%
The Bank of Punjab	500	-	-	500	49,153	1.14%	4.20%
	66,240	-	-	66,240	355,779	8.22%	30.37%

Carrying value before fair value adjustments as at 31 March 2019.

359,658

4.3 This represents long term deposit having original maturity period of more than three months. These carry mark-up rate of 11.15% per annum (June 30, 2018: 7.4%) and will mature on 27 June, 2019.

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that

NAFA FINANCIAL SECTOR INCOME FUND

disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

The Fund, being prudent, recognised provision for SWWF amounting to Rs.8.571 million for the period ended March 31, 2019 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2019 would have been higher by Rs.0.0214 per unit (June 30, 2018: Rs. 0.0200 per unit).

6 CONTINGENCY AND COMMITMENT

There were no contingencies and commitments as at 31 March 2019 (30 June 2018: Nil)

7 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ended March 31, 2019 is 1.67% which includes 0.36% representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

8 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

9 SELLING AND MARKETING EXPENSES

The SECP vide circular 40 of 2016 dated December 30, 2016 (later amended vide circular 05 of 2017 dated February 13, 2017 and circular 5 of 2018 dated June 4, 2018) has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds and money market funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower. Accordingly, the Management Company has charged selling and marketing expenses amounting to Rs. 8.048 million at the rate of 0.4% of the net assets of the Fund being lower than the actual expenses chargeable to the Fund for the period.

10 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 10.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the Fund.
- 10.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 10.3** Remuneration and sales load payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

NAFA FINANCIAL SECTOR INCOME FUND

10.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at period end are as follows:

10.5 Details of the transactions with connected persons are as follows:

	Unaudited	
	Nine months period ended	
	March 31, 2019	March 31, 2018
	------(Rupees in '000)-----	
NBP Fund Management Limited		
Management remuneration	18,011	8,940
Sindh Sales Tax on remuneration of Management Company	2,341	1,162
Selling & Marketing expense	8,048	-
Accounting and operational charges to the Management Company	2,492	1,370
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	2,756	1,803
Sindh Sales Tax on remuneration of Trustee	358	234
Employees of the Management Company		
Issue / transfer in of 3,128,343 units (2018: 322,633 units)	33,065	3,461
Redemption / transfer out of 2,093,144 units (2018: 841,509 units)	22,389	8,914
Dividend Re-invest Units Issued 9,988 units (2018: Nil units)	105	-
Askari Commercial Bank		
Markup on bank balance	37	28
National Bank of Pakistan - Sponsor		
Markup on bank balance	411	261
Bank Islami Pakistan Limited		
Markup on bank balance	6	21
Portfolios Managed by Management Company		
Units issued / transferred in 1,877,646 units (2018: 1,119,842 units)	20,203	-
Units redeemed / transferred out 1,858,811 units (2018: 1,119,842 units)	20,023	-

10.6 Amounts outstanding as at period / year end:

	31 March 2019	30 June 2018
	Unaudited	Audited
	------(Rupees in '000)-----	
NBP Fund Management Limited		
Sales load and transfer load payable to Management Company	1,296	639
Other Payable	169	169
Management remuneration payable	2,723	1,529
Sindh sales tax payable on management remuneration	354	199
Sindh Sales Tax on sales and transfer load	635	83
Selling & Marketing expense	3,673	-
Accounting and operational charges to the Management Company	918	1,148
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	374	249
Sindh Sales Tax on Trustee remuneration	49	32
Security deposit	100	100

NAFA FINANCIAL SECTOR INCOME FUND

	31 March 2019	30 June 2018
	Unaudited	Audited
	----- (Rupees in '000) -----	
Employees of the Management Company		
Units held : 1,216,761 units (2018 : 171,574 units)	13,125	1,909
Portfolios Managed by Management Company		
Units held : 18,835 units (2018 : Nil units)	203	-
National Bank of Pakistan - Sponsor		
Balance in current account	325	221
Balance in savings account	7,010	5,286
Profit receivable on bank deposit	3	3
Barret Hudgson Pakistan Private Limited		
Nil units held (2018: 33,410,504 units)	-	371,685
Murree Brewery Company Limited		
Nil units held (2018: 34,216,071 units)	-	380,647
Pakistan Electronic Media Regulatory Authority		
Nil units held (2018: 11,030,277 units)	-	122,710
Askari Commercial Bank Limited		
Balance in savings account	1,032	506
Profit receivable on bank deposit	67	4
Summit Bank Limited		
Balance in current account	3,049	2,433
Bank Islami Pakistan Limited		
Bank balance	101	94
Profit receivable on bank deposit	73	-

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 26, 2019.

12 GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees.

12.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. There have been no significant reclassification during the period except for the impact of change in accounting policy.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices

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@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NAFA GOVERNMENT SECURITIES LIQUID FUND

**QUARTERLY
REPORT**

**MARCH
31, 2019**



MISSION STATEMENT

To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NAFA GOVERNMENT SECURITIES LIQUID FUND

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION	14

NAFA GOVERNMENT SECURITIES LIQUID FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nasir Husain	Director
Mr. Abdul Hadi Palekar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Humayun Bashir	Member
Mr. Nasir Husain	Member
Mr. Imran Zaffar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Nasir Husain	Member
Mr. Humayun Bashir	Member
Mr. Ali Saigol	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Shehryar Faruque	Member
Mr. Abdul Hadi Palekar	Member
Mr. Ali Saigol	Member

Trustee

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

Bankers to the Fund

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
Sindh Bank Limited
National Bank of Pakistan
Samba Bank Limited
Zarai Taraqiat Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
Soreni Bank Limited

NAFA GOVERNMENT SECURITIES LIQUID FUND

Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan.

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.nbpffunds.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:

NBP City Branch, Hussain-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA GOVERNMENT SECURITIES LIQUID FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited financial statements of **NAFA Government Securities Liquid Fund** (NGSLF) for the period ended March 31, 2019.

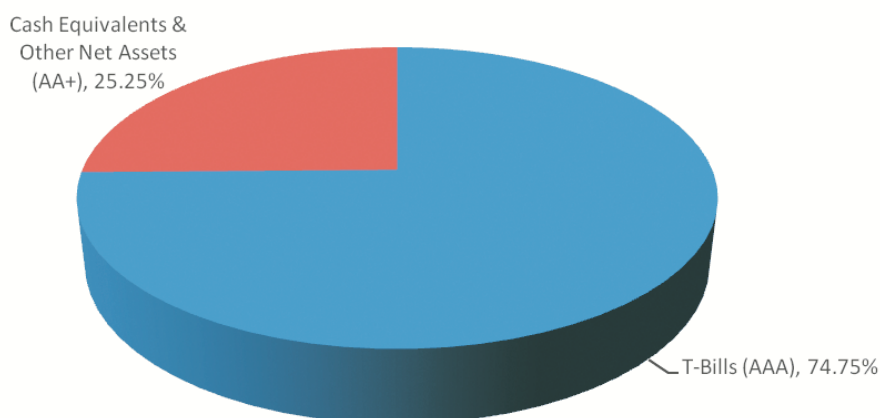
Fund's Performance

The size of NAFA Government Securities Liquid Fund has decreased from Rs. 5,791 million to Rs. 2,196 million during the period (i.e. a fall of 62%). During the period, the unit price of the Fund has increased from Rs. 9.5939 (Ex-Div) on June 30, 2018 to Rs. 10.1698 on March 31, 2019, thus showing a return of 8.0% as compared to the benchmark return of 8.0% for the same period. The performance of the Fund is net of management fee and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of the Fund. T-Bills are the major asset class of the Fund. Exposure of the Fund to credit, liquidity and interest rate risk is exceptionally low due to 70% minimum investment in Government securities (T-Bills) with average maturity of the overall portfolio at 45 days. The Fund invests in AA and above rated Banks/DFIs with maximum maturity of six months.

During 9MFY2019, the State Bank of Pakistan (SBP) pursued tightening monetary policy and cumulatively hiked the Discount Rate by 425 basis points to 11.25% to contain underlying inflationary pressures and restore financial stability. Sovereign yields responded to these policy actions and future path of inflation and interest rates. The yields on T-bills for 3-month, 6-month and 12-month tenors increased by 412 basis points, 410 basis points and 395 basis points, respectively during the period under review. Foreseeing upside risks to inflation and interest rates, investors' preference remained tilted towards shorter tenor maturities.

The Fund has earned total income of Rs.260.316 million during the period. After deducting expenses of Rs. 37.417 million, the net income is Rs. 222.899 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSLF:



NAFA GOVERNMENT SECURITIES LIQUID FUND

DIRECTORS' REPORT

Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 5.817% of the opening ex-NAV (5.911% of the par value) for the period ended March 31, 2019.

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

Director

Date: April 26, 2019
Place: Karachi.

NAFA GOVERNMENT SECURITIES LIQUID FUND

ڈائریکٹرز کی رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی مدت کے لئے NAFA گورنمنٹ سیکیورٹیز لیکویڈ فنڈ (NGSLF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

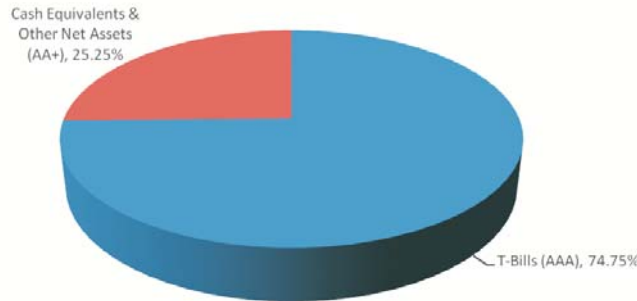
فنڈ کی کارکردگی

موجودہ مدت کے دوران NAFA گورنمنٹ سیکیورٹیز لیکویڈ فنڈ (NGSLF) کا سائز 5,791 ملین روپے سے کم ہو کر 2,196 ملین روپے ہو گیا یعنی 62% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2018 کو 9.5939 روپے (Ex-Div) سے بڑھ کر 31 مارچ 2019 کو 10.1698 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک 8.0% کے مقابلے میں 8.0% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NGSLF کو PACRA کی طرف سے دی گئی سٹیبلٹی ریٹنگ "AAA(f)" ہے۔ یہ ریٹنگ فنڈ کے غیر معمولی مستحکم کریڈٹ اور لیکویڈیٹی پروفائل کی عکاسی کرتی ہے۔ T-Bills اس فنڈ کی بڑی ایسیٹ کلاس ہے۔ مجموعی پورٹ فولیو کی 45 دن کی اوسط میچورٹی کے ساتھ گورنمنٹ سیکیورٹیز (T-Bills) میں کم از کم 70% سرمایہ کاری کے ساتھ فنڈ کے کریڈٹ، لیکویڈیٹی اور انٹرسٹ ریٹ کے خطرات کی زد میں آنے کے امکانات نہ ہونے کے برابر ہیں۔ فنڈ کو زیادہ سے زیادہ چھ ماہ کی میچورٹی کے ساتھ AA یا زائد ریٹنگ والے بینکوں/DFIs میں انویسٹ کرنے کی اجازت ہے۔

مالی سال 2019 کی نو ماہی کے دوران، بنیادی افراط زر کے دباؤ کی روک تھام اور مالیاتی استحکام کو بحال کرنے کے لئے اسٹیٹ بینک آف پاکستان (SBP) نے سخت مانیٹری پالیسی پر عمل درآمد کرتے ہوئے پالیسی کی شرح 425 بیس پوائنٹ اضافے کے ساتھ 11.25% کر دی۔ مالی سال 2019 سے، ہر پالیسی کی شرح میں اضافہ کے نتیجے میں Sovereign Yields میں بھی اضافہ دیکھا گیا۔ 3 ماہ، 6 ماہ اور 12 ماہ کے T-bills پر yields زیر جائزہ مدت کے دوران علی الترتیب 412 بیس پوائنٹس، 410 بیس پوائنٹس اور 395 بیس پوائنٹس تک کا اضافہ ہوا۔ افراط زر کے خدشات اور شرح سود میں اضافہ کے پیش نظر سرمایہ کاروں نے حکومت کی قلیل المدت میچورٹیز کو ترجیح دی۔

فنڈ نے موجودہ مدت کے دوران 260.316 ملین روپے کی مجموعی آمدنی کمائی۔ 37.417 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 222.899 ملین روپے ہے۔ درج ذیل چارٹ NGSLF کی ایسٹ ایلو کیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



NAFA GOVERNMENT SECURITIES LIQUID FUND

آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 31 مارچ 2019 کو ختم ہونے والی مدت کے لئے اوپننگ ex-NAV کا 5.817% (par value کا 5.911%) عبوری کیش ڈیویڈنڈ منظور کیا۔

اظہار تشکر

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

بورڈ اپنے اسٹاف اور رٹسٹی 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

تاریخ: 26 اپریل 2019

مقام: کراچی

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

	Note	Unaudited March 31, 2019 Rupees in '000	Audited June 30, 2018 Rupees in '000
ASSETS			
Bank balances		2,249,581	5,847,133
Investments	4	1,641,610	4,085,686
Mark-up accrued		8,412	5,969
Receivable against conversion of units		-	453
Advance, prepayment and other receivable		9,982	9,978
Total assets		3,909,585	9,949,219
LIABILITIES			
Payable to the Management Company		2,337	5,275
Payable to the Trustee		233	464
Payable to Securities and Exchange Commission of Pakistan		2,258	3,744
Payable on redemption of units		130	26
Payable against purchase of investment		1,641,458	4,088,135
Accrued expenses and other liabilities		66,912	60,963
Total liabilities		1,713,328	4,158,607
NET ASSETS		2,196,257	5,790,612
Unit Holders' Funds (as per statement attached)		2,196,257	5,790,612
Contingencies and Commitments	6	-----Number of units-----	
Number of units in issue		215,958,689	541,249,141
		Rupees	
Net assets value per unit		10.1698	10.6986

The annexed notes 1 to 11 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

Note	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
-----Rupees in '000-----				
INCOME				
(Loss) on sale of investments - net	(2,523)	(321)	(662)	(398)
Income from government securities	194,566	154,170	42,226	45,121
Income from term deposit receipts	-	15,025	-	6,096
Income from certificate of investment	-	6,411	-	6,126
Income from letter of placements	25,681	866	-	866
Profit on bank deposits	42,440	46,991	22,741	6,979
Net unrealised appreciation / (diminution) on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	152	(576)	126	119
Total Income	260,316	222,566	64,431	64,909
EXPENSES				
Remuneration of the Management Company	20,544	18,841	4,989	5,446
Sindh sales tax on remuneration of the Management Company	2,671	2,449	649	708
Remuneration of the Trustee	2,821	3,284	639	979
Sindh sales tax on remuneration of Trustee	367	427	83	127
Annual fee - Securities and Exchange Commission of Pakistan	2,258	2,721	454	794
Accounting and operational charges to the Management Company	3,011	3,628	606	1,058
Securities transaction cost	9	32	2	7
Bank charges	228	189	91	79
Annual listing fee	23	21	7	7
Rating fee	350	306	108	107
Auditors' remuneration	540	473	127	107
Legal and professional charges	23	32	13	6
Printing Charges	23	28	23	4
Total Expenses	32,868	32,431	7,791	9,429
Net income from operating activities	227,448	190,135	56,640	55,480
Provision for Sindh Workers' Welfare Fund	5 (4,549)	(3,803)	(1,133)	(1,110)
Net income for the period before taxation	222,899	186,332	55,507	54,370
Taxation	7 -	-	-	-
Net income for the period after taxation	222,899	186,332	55,507	54,370
Earnings per unit				
Allocation of net income for the period				
Net income for the period after taxation	222,899	186,332	55,507	54,370
Income already paid on redemption of units	(87,304)	(50,225)	(2,827)	(11,360)
	135,595	136,107	52,680	43,010
Accounting income available for distribution:				
- Relating to capital gain	-	-	-	-
- Excluding capital gain	135,595	136,107	52,680	43,010
	135,595	136,107	52,680	43,010

The annexed notes 1 to 11 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	-----Rupees in '000-----			
Net income for the period after taxation	222,899	186,332	55,507	54,370
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	222,899	186,332	55,507	54,370

The annexed notes 1 to 11 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Nine months period ended					
	March 31, 2019			March 31, 2018		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	(Rupees in '000)					
Net assets at beginning of the period	5,514,312	276,300	5,790,612	4,504,670	93,559	4,598,229
Issue of 300,705,107 units (2018: 405,023,161 units)						
- Capital value	3,055,735	-	3,055,735	4,115,602	-	4,115,602
- Element of income	50,474	-	50,474	90,408	-	90,408
Total proceeds on issuance of units	3,106,209	-	3,106,209	4,206,010	-	4,206,010
Redemption of 625,995,559 units (2018: 357,078,754 units)						
- Capital value	(6,361,304)	-	(6,361,304)	(3,628,420)	-	(3,628,420)
- Element of loss	(40,454)	(87,304)	(127,758)	(26,414)	(50,225)	(76,639)
Total payments on redemption of units	(6,401,758)	(87,304)	(6,489,062)	(3,654,834)	(50,225)	(3,705,059)
Total comprehensive income for the period	-	222,899	222,899	-	186,332	186,332
Final distribution for the year ended June 30, 2018 @ Rs. 0.5367 declared on July 04, 2018 (2017: Nil)						
- Cash Distribution	-	(182,581)	(182,581)	-	-	-
- Refund of Capital	(107,908)	-	(107,908)	-	-	-
	(107,908)	(182,581)	(290,489)	-	-	-
Interim distribution @ Rs. 0.3401 declared on December 21, 2018 (2017: Nil)						
- Cash Distribution	-	(75,736)	(75,736)	-	-	-
- Refund of Capital	(8,842)	-	(8,842)	-	-	-
	(8,842)	(75,736)	(84,578)	-	-	-
Interim distribution @ Rs. 0.1022 declared on January 29, 2019 (2018: Nil)						
- Cash Distribution	-	(26,068)	(26,068)	-	-	-
- Refund of Capital	(679)	-	(679)	-	-	-
	(679)	(26,068)	(26,747)	-	-	-
Interim distribution @ Rs. 0.0751 declared on February 27, 2019 (2018: Nil)						
- Cash Distribution	-	(16,661)	(16,661)	-	-	-
- Refund of Capital	(98)	-	(98)	-	-	-
	(98)	(16,661)	(16,759)	-	-	-
Interim distribution @ Rs. 0.0737 declared on March 29, 2019 (2018: Nil)						
- Cash Distribution	-	(15,535)	(15,535)	-	-	-
- Refund of Capital	(293)	-	(293)	-	-	-
	(293)	(15,535)	(15,828)	-	-	-
Net assets at end of the period	2,100,943	95,314	2,196,257	5,055,846	229,666	5,285,512
Undistributed income brought forward						
- Realised income		278,749			94,876	
- Unrealised loss		(2,449)			(1,317)	
		276,300			93,559	
Accounting income available for distribution						
- Relating to capital loss		-			-	
- Excluding capital gain		135,595			136,107	
		135,595			136,107	
Final distribution for the year ended June 30, 2018		(182,581)			-	
Interim distributions made during the period		(134,000)			-	
Undistributed income carried forward		95,314			229,666	
Undistributed income carried forward						
- Realised income		95,162			230,242	
- Unrealised income / (loss)		152			(576)	
		95,314			229,666	
Net assets value per unit at beginning of the period		(Rupees)			(Rupees)	
Net assets value per unit at end of the period		10.6986			10.1614	
		10.1698			10.5612	

The annexed notes 1 to 11 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Nine months ended	
	March 31, 2019	March 31, 2018
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	222,899	186,332
Adjustments		
Net unrealised (appreciation) / diminution on re-measurement of investment classified as financial assets at fair value through profit or loss'	(152)	576
	222,747	186,908
Decrease / (increase) in assets		
Investments	2,444,228	(395,000)
Mark-up accrued	(2,443)	(1,843)
Advance, prepayment and other receivable	(4)	192
	2,441,781	(396,651)
(Decrease) / increase in liabilities		
Payable to the Management Company	(2,938)	(2,253)
Payable to the Trustee	(231)	(77)
Payable to Securities and Exchange Commission of Pakistan	(1,486)	(1,239)
Payable against purchase of investment	(2,446,677)	(12,639)
Accrued expenses and other liabilities	5,949	(49,070)
	(2,445,383)	(65,278)
Net cash generated from / (used in) from operating activities	219,145	(275,021)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issue of units	2,988,842	4,206,131
Payments on redemption of units	(6,488,958)	(3,705,515)
Distribution paid	(316,581)	(7,189)
Net cash (used in) / generated from financing activities	(3,816,697)	493,427
Net (decrease) / increase in cash and cash equivalents during the period	(3,597,552)	218,406
Opening balance of cash and cash equivalents	5,847,133	4,716,993
Cash and cash equivalents at the end of the period	2,249,581	4,935,399

The annexed notes 1 to 11 form an integral part of this condensed interim financial information

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Government Securities Liquid Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited (formerly; NBP Fullerton Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 10, 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of MUFAP.

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open-End "Money Market Scheme" as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The objective of the Fund is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities.

The Pakistan Credit Rating Agency (PACRA) has assigned an stability rating of 'AAA(f)' to the Fund and an asset manager rating of 'AM1' to the Management Company.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

NAFA GOVERNMENT SECURITIES LIQUID FUND

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018 except for the change in accounting policy as explained in note 3.2.

3.2 Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has an impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these condensed interim financial statements.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption. a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

3.3 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2018. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Note	(Unaudited) March 31, 2019	(Audited) June 30, 2018
		------(Rupees in '000)-----	
4 INVESTMENTS			
At fair value through profit or loss			
Government securities - Market Treasury Bills	4.1	1,641,610	4,085,686
		<u>1,641,610</u>	<u>4,085,686</u>

4.1 Investment in government securities - 'at fair value through profit or loss'

Issue date	Tenor	Face value				Market Value as at March 31, 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the period	Sold / matured during the period	As at March 31, 2019			
-----Rupees in '000-----							-----(%)-----	
Market Treasury Bills								
26-Apr-18	3 Months	4,100,000	1,200,000	5,300,000	-	-	-	-
7-Jun-18	3 Months	-	200,000	200,000	-	-	-	-
19-Jul-18	3 Months	-	5,095,000	5,095,000	-	-	-	-
2-Aug-18	3 Months	-	255,000	255,000	-	-	-	-
11-Oct-18	3 Months	-	5,880,400	5,880,400	-	-	-	-
6-Dec-18	3 Months	-	6,812,700	6,812,700	-	-	-	-
14-Feb-19	3 Months	-	3,360,000	1,700,000	1,660,000	1,641,610	74.75	100.00
		4,100,000	22,803,100	25,243,100	1,660,000	1,641,610	74.75	100.00

Carrying Value before fair value adjustment as at March 31, 2019 1,641,458

4.1.1 These carry a rate of return of 10.85% (June 30, 2018: 6.62%) per annum.

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 10.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 108.972 million for the Nine months period ended March 31, 2019 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2019 would have been higher by Rs. 0.0775 per unit (June 30, 2018: Rs. 0.0225 per unit).

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2019 and June 30, 2018.

NAFA GOVERNMENT SECURITIES LIQUID FUND

7 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

8 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ended March 31, 2019 is 1.25% which includes 0.33% representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an money market scheme.

9 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

9.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the Fund.

9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

9.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

9.5 Details of the transactions with connected persons are as follows:

	----- (Unaudited) -----	
	Nine months ended	
	March 31, 2019	March 31, 2018
	----- Rupees in '000 -----	
NBP Fund Management Company Limited - Management Company		
Remuneration of the Management Company	20,544	18,841
Sindh sales tax on remuneration of the Management Company	2,671	2,449
Accounting and operational charges to the Management Company	3,011	3,628
National Bank of Pakistan (Parent of the Management Company)		
T-Bills purchased during the period	-	7,651,437
T-Bills sold during the period	-	2,241,560
Bank profit earned by the fund on deposit in saving account	325	258

NAFA GOVERNMENT SECURITIES LIQUID FUND

	----- (Unaudited) -----	
	Nine months ended	
	March 31, 2019	March 31, 2018
	----- Rupees in '000 -----	
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee for the period	2,821	3,284
Sindh sales tax on remuneration of Trustee	367	427
Company Secretary / Chief Operating Officer		
Units issued: 188,751 units (March 31, 2018: Nil units)	1,877	-
Units redeemed: 315,519 units (March 31, 2018: 28,989 units)	3,257	301
Employees of the Management Company		
Units issued: 701,012 units (March 31, 2018: 74,804 units)	7,138	781
Units redeemed: 408,656 units (March 31, 2018: 37,666 units)	4,211	396
NBP Employees Pension Fund		
Units issued: 1,753,838 units (March 31, 2018: Nil units)	17,822	-
NBP Fund Management Limited - Employees Provident Fund		
Units issued: 3,288 units (March 31, 2018: Nil units)	4	-
Units redeemed: 68,103 units (March 31, 2018: Nil units)	707	-
NBP Endowment Funds Students Loan Scheme		
Units issued: 337,609 units (March 31, 2018: Nil units)	3,431	-
Units redeemed: 2,167,133 units (March 31, 2018: 8,099,982 units)	22,200	83,500
NBP Leasing Limited Employees Provident Fund		
Units redeemed/ transfer out: nil units (March 31, 2018: 484,014 units)	-	4,936
NAFA Savings Plus Fund		
Market Treasury Bills purchased	24,926	-
Mutual Fund Association of Pakistan - MUFAP		
Units issued: 9,214 units (March 31, 2018: 2,495 units)	93	26
Units redeemed: Nil units (March 31, 2018: 281,357 units)	-	2,950
NAFA Income Opportunity Fund		
Market Treasury Bills purchased	199,407	-
Portfolios managed by the Management Company		
Market Treasury Bills purchased	25,012	
Market Treasury Bills sold	8,073	-
Units redeemed: Nil units (March 31, 2018: 1,939,611 units)	-	20,013
Askari Bank Limited (Common Directorship with the Management Company)		
Bank profit	-	100

NAFA GOVERNMENT SECURITIES LIQUID FUND

		----- (Unaudited) -----	
		Nine months ended	
		March 31, 2019	March 31, 2018
		----- Rupees in '000 -----	
NAFA Income Fund			
Market Treasury Bills purchased		29,911	-
Faruque Private Limited (Common Directorship)			
Units issued: 172 units (March 31, 2018: 1,714 units)		1	18
Pakistan Mobile Communication Limited (Unit holder of 10% or more of units of the CIS)			
Units issued: 87,303,280 units (March 31, 2018: 55,416,094 units)		866,233	585,000
Units redeemed: 127,059,062 units (March 31, 2018: Nil units)		1,320,880	-
** K & N's Foods Private Limited (Unit holder of 10% or more of units of the CIS)			
Units issued: 5,034,452 units (March 31, 2018: Nil units)		51,160	-
* Millat Tractors Limited			
Units issued: Nil units (March 31, 2018: 7,676 units)		-	80
* Punjab Police Welfare Fund			
Units issued: Nil units (March 31, 2018: 75,444,908 units)		-	794,254
9.6	Amounts outstanding as at period / year end	(Unaudited)	(Audited)
		As at	As at
		March 31,	June 30,
		2019	2018
		----- Rupees in '000 -----	
NBP Fund Management Limited (Management Company)			
Remuneration of the Management Company		1,531	2,525
Sindh Sales Tax on remuneration of the Management Company		199	328
Operational expenses		607	2,422
Central Depository Company of Pakistan Limited (Trustee)			
Remuneration of the Trustee		206	411
Sindh Sales Tax on remuneration of the Trustee		27	53
National Bank of Pakistan (Parent of the Management Company)			
Bank balance		4,062	7,020
Bank profit receivable		8	-
Chief Operating Officer & Company Secretary			
Investment held in the Fund: 2,038 units (June 30, 2018: 128,805 units)		21	1,378
Summit Bank Limited (Common Directorship with the Management Company)			
Bank balance		4,412	8,278
Askari Bank Limited (Common Directorship with the Management Company)			
Bank balance		137	498
Bank profit receivable		2	9

NAFA GOVERNMENT SECURITIES LIQUID FUND

	(Unaudited) As at March 31, 2019	(Audited) As at June 30, 2018
	----- Rupees in '000 -----	
Employees of the Management Company		
Investment held in the Fund: 303,175 units (June 30, 2018: 10,767 units)	3,083	115
NAFA Provident Fund Trust - Provident Fund		
Investment held in the Fund: Nil (June 30, 2018: 64,815 units)	-	693
NBP Employees Pension Fund		
Investment held in the Fund: 20,869,493 units (June 30, 2018: 19,115,655)	212,239	204,511
NBP Endowment Fund Students Loan Scheme		
Investment held in the Fund: 3,018,293 units (June 30, 2018: 4,847,816 units)	30,695	51,865
Mutual Fund Association of Pakistan - MUFAP		
Investment held in the Fund: 103,782 units (June 30, 2018: 94,569 units)	1,055	1,012
Management Association of Pakistan		
Investment held in the Fund: Nil (June 30, 2018: 4 units)	-	-
Faruque Private Limited (Common Directorship)		
Investment held in the Fund: 1,886 units (June 30, 2018: 1,714 units)	19	18
** K & N's Foods Private Limited (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: 56,780,577 units (June 30, 2018: Nil)	577,447	-
* Millat Tractors Limited		
Investment held in the Fund: Nil (June 30, 2018: 54,158,759 units)	-	579,423
* Punjab Police Welfare Fund (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: Nil (June 30, 2018: 75,444,908 units)	-	807,155
Pakistan Mobile Communication Limited (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: 27,541,843 units (June 30, 2018: 67,297,625 units)	280,095	719,990

* Current balances with these parties have not been disclosed as they did not remain connected persons and related parties as at period end.

** Prior period balances with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

10 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 26, 2019.

NAFA GOVERNMENT SECURITIES LIQUID FUND

11 GENERAL

11.1 Figures have been rounded off to the nearest thousand rupees.

11.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant changes or reclassifications were made in this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices

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@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds



NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NBP GOVERNMENT SECURITIES FUND - I

QUARTERLY

REPORT

MARCH

31, 2019



MISSION STATEMENT

To rank in the top quartile
in performance of
NBP FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NBP GOVERNMENT SECURITIES FUND - I

Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	14

NBP GOVERNMENT SECURITIES FUND - I

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nasir Husain	Director
Mr. Abdul Hadi Palekar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Humayun Bashir	Member
Mr. Nasir Husain	Member
Mr. Imran Zaffar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Nasir Husain	Member
Mr. Humayun Bashir	Member
Mr. Ali Saigol	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Shehryar Faruque	Member
Mr. Abdul Hadi Palekar	Member
Mr. Ali Saigol	Member

Trustee

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

Bankers to the Fund

JS Bank Limited

NBP GOVERNMENT SECURITIES FUND - I

Auditors

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Building,
Ground No. 2 Shaheed Chaudary Aslam Road,
Civil Lines, Karachi, 75530

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:

NBP City Branch, Hussain-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NBP GOVERNMENT SECURITIES FUND - I

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited financial statements of **NBP Government Securities Plan-I** (NGSP-I) for the period ended March 31, 2019.

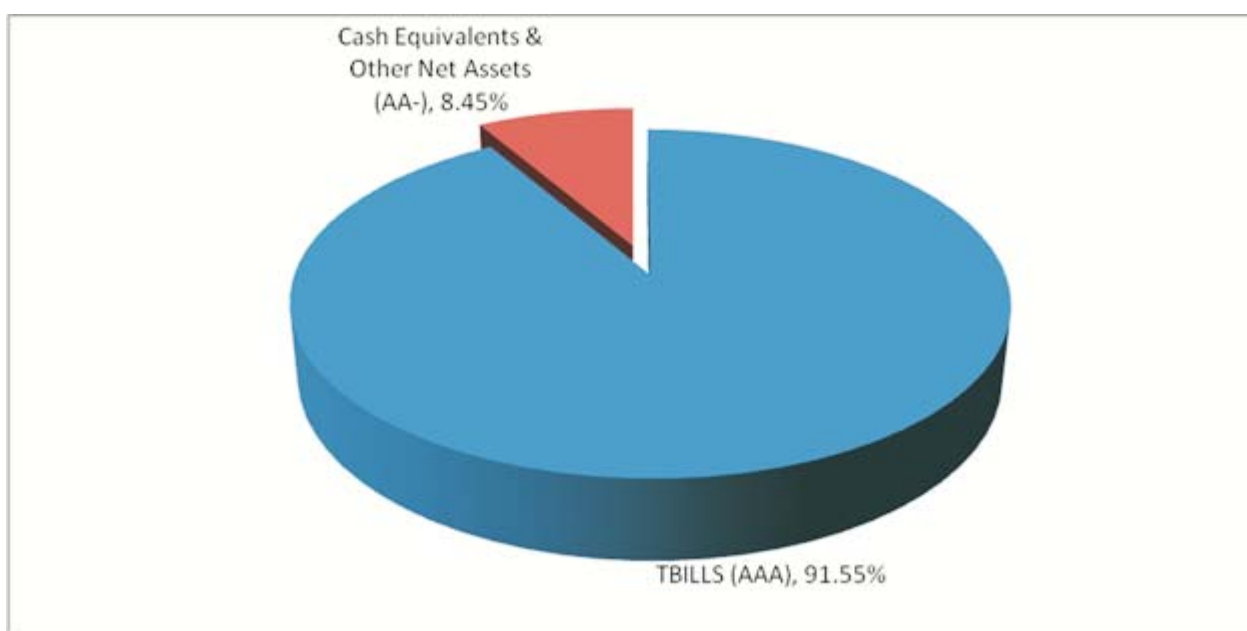
Fund's Performance

The size of NBP Government Securities Plan-I is Rs. 378 million as at March 31, 2019. The Fund has earned an annualized return of 9.0% since its inception (March 18, 2019) as compared to its benchmark return of 10.9 % for the same period. The performance of the Fund is net of management fee and other expenses.

NGSP-I is categorized as an Income Fund. The Fund aims to provide attractive return with capital preservation at maturity of the plan, by investing in Government Securities not exceeding maturity of the plan. NBP Government Securities Plan-I has a fixed maturity of July 12, 2021. The Fund invests a minimum of 90% in Government Securities and minimum 10% of its assets in saving accounts with banks or in up to 90 days T-bills, which enhances liquidity profile of the Fund.

During 9MFY2019, the State Bank of Pakistan (SBP) pursued tightening monetary policy and cumulatively hiked the Discount Rate by 425 basis points to 11.25% to contain underlying inflationary pressures and restore financial stability. Since FY2019, sovereign yields responded consequently to every policy rate increase. The yields on T-bills for 3-month, 6-month and 12-month tenors increased by 412 basis points, 410 basis points and 395 basis points respectively during the period under review. Similarly, 10-year PIB yield inched up by 410 basis points to 13.12%. Foreseeing further upside risks to inflation and interest rates, investors' preference remained tilted towards shorter tenor maturities. Trading activity in the longer tenor sovereign bonds (PIBs) also remained subdued mainly due to upside risks to interest rates.

The Fund has earned a total income of Rs. 1.43 million during the period. After deducting expenses of Rs.0.22 million, the net income is Rs. 1.21 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSP-I:



NBP GOVERNMENT SECURITIES FUND - I

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

Director

Date: April 26, 2019
Place: Karachi.

NBP GOVERNMENT SECURITIES FUND - I

ڈائریکٹر رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی مدت کے لئے NBP گورنمنٹ سیکیورٹیز پلان-I (NGSP-I) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

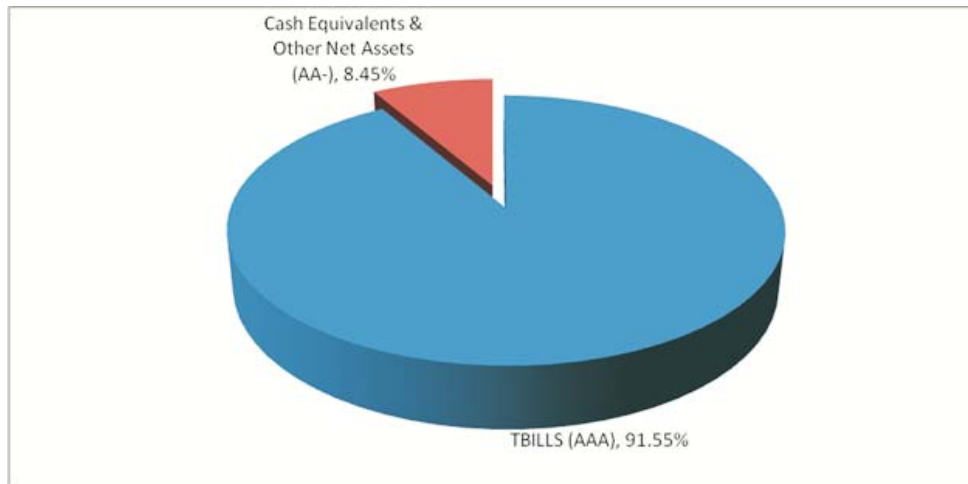
فنڈ کی کارکردگی

31 مارچ 2019 کو NBP گورنمنٹ سیکیورٹیز پلان-I کا سائز 378 ملین روپے رہا۔ 18 مارچ 2019 کو اپنے قیام کے وقت سے فنڈ نے سالانہ منافع 9.0% دیا۔ جبکہ مارک منافع 10.9% رہا۔ یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NGSP-I کم فنڈ کے طور پر درجہ بندی کیا جاتا ہے۔ فنڈ کا مقصد پلان کی میچورٹی سے قبل تک گورنمنٹ سیکیورٹیز میں سرمایہ کاری کر کے پلان کی میچورٹی پر کیپٹل پر ریزرویشن کے ساتھ متاثر کن منافع فراہم کرنا ہے۔ NBP گورنمنٹ سیکیورٹیز پلان-I کی فکسل میچورٹی 12 جولائی 2021 کی ہے۔ فنڈ گورنمنٹ سیکیورٹیز میں کم از کم 90% اور بینکوں کے ساتھ سیونگ اکاؤنٹ یا T-Bills میں اپنے ایسیٹ کا کم از کم 10% تک انویسٹ کرنے کی اجازت دیتا ہے، جو فنڈ کی لیکویڈیٹی پروفائل کو بڑھاتا ہے۔

مالی سال 2019 کی نو ماہی کے دوران، بنیادی افراط زر کے دباؤ کی روک تھام اور مالیاتی استحکام کو بحال کرنے کے لئے اسٹیٹ بینک آف پاکستان (SBP) نے سخت مانیٹری پالیسی پر عمل درآمد کرتے ہوئے پالیسی کی شرح 425 پیسے پوائنٹ اضافے کے ساتھ 11.25% کر دی۔ مالی سال 2019 سے، ہر پالیسی کی شرح میں اضافہ کے نتیجے میں Sovereign Yields میں بھی اضافہ دیکھا گیا۔ 3 ماہ، 6 ماہ اور 12 ماہ کے T-bills پر yields زیر جائزہ مدت کے دوران علی الترتیب 412 پیسے پوائنٹس، 410 پیسے پوائنٹس اور 395 پیسے پوائنٹس تک کا اضافہ ہوا۔ اسی طرح 10 سالہ PIB کی yield 410 پیسے پوائنٹس کے اضافہ کے ساتھ 13.12% ہو گئی۔ افراط زر کے خدشات اور شرح سود میں اضافہ کے پیش نظر سرمایہ کاروں نے حکومت کی قلیل المدت میچورٹیز کو ترجیح دی۔ طویل المدت حکومتی بانڈز (PIBs) میں تجارتی سرگرمی بھی شرح سود بڑھنے کے خدشات کے سبب کم رہی۔

فنڈ نے موجودہ مدت کے دوران 1.43 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 0.22 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1.21 ملین روپے ہے۔ درج ذیل چارٹ-I NGSP-I کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



NBP GOVERNMENT SECURITIES FUND - I

اظہار تشکر

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

تاریخ: 26 اپریل 2019

مقام: کراچی

NBP GOVERNMENT SECURITIES FUND - I

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

		NGSP-I (Un-audited) March 31, 2019 Rupees in '000
ASSETS	Note	
Balances with banks	4	32,599
Investments	5	346,123
Prepayments and other receivables		287
Preliminary expenses and floatation costs	6	1,219
Total assets		380,228
LIABILITIES		
Payable to the Management Company	7	854
Payable to the Trustee	8	15
Payable to the Securities and Exchange Commission of Pakistan	9	10
Accrued expenses and other liabilities	10	1,286
Total liabilities		2,165
NET ASSETS		<u>378,063</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>378,063</u>
CONTINGENCIES AND COMMITMENTS	11	
NUMBER OF UNITS IN ISSUE		<u>37,685,246</u>
NET ASSET VALUE PER UNIT	12	<u>10.0321</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NBP GOVERNMENT SECURITIES FUND - I

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE PERIOD FROM MARCH 18, 2019 TO MARCH 31, 2019

		NGSP-I
		For the period from March 18, 2019 to March 31, 2019
	Note	Rupees in '000
INCOME		
Profit on balances with banks		386
Income from market treasury bills		1,103
Income from back end load		3
Net unrealised (diminution) on re-measurement of investments classified as ' financial assets at fair value through profit or loss'		(65)
Total income		1,427
EXPENSES		
Remuneration of the Management Company	7.1	81
Sindh Sales Tax on remuneration of the Management Company	7.2	10
Accounting and operational expenses	7.3	13
Selling and marketing expenses	7.4	13
Remuneration of the Trustee		13
Sindh Sales Tax on remuneration of the Trustee	8.1	2
Annual fee of the Securities and Exchange Commission of Pakistan	9.1	10
Amortisation of preliminary expenses and floatation costs	6	18
Securities and transaction cost		5
Auditors' remuneration		10
Legal and professional charges		3
Listing Fee		3
Settlement and bank charges		2
Printing expenses		1
Rating fee		6
Total operating expenses		190
Net income from operating activities		1,237
Provision for Sindh Workers' Welfare Fund	10.1	(25)
Net income for the period before taxation		1,212
Taxation	13	-
Net income for the period after taxation		1,212
Earnings per unit	14	
Allocation of net income for the period:		
- Net income for the period after taxation		1,212
- Income already paid on units redeemed		-
		1,212
Accounting income available for distribution		
- Relating to capital gains		-
- Excluding capital gains		1,212
		1,212

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NBP GOVERNMENT SECURITIES FUND - I

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD FROM MARCH 18, 2019 TO MARCH 31, 2019

		NGSP-I
		For the period from March 18, 2019 to March 31, 2019
	Note	Rupees in '000
Net income for the period after taxation		1,212
Other comprehensive income for the period		-
Total comprehensive income for the period		1,212

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NBP GOVERNMENT SECURITIES FUND - I

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE PERIOD FROM MARCH 18, 2019 TO MARCH 31, 2019

NGSP-I		
For the period from March 18, 2019 to March 31, 2019		
------(Rupees in '000)-----		
Capital Value	Undistributed income	Total
Issuance of 37,786,593 units		
- Capital value	377,866	377,866
- Element of loss	(3)	(3)
Total proceeds on issuance of units	377,863	377,863
Redemption of 101,347 units		
- Capital value	(1,014)	(1,014)
- Element of income	2	2
Total payments on redemption of units	(1,012)	(1,012)
Total comprehensive income for the period	-	1,212
Net income for the period	-	1,212
Net assets at end of the period (un-audited)	376,851	378,063
Accounting income available for distribution		
- Relating to capital gains	-	
- Excluding capital gains	1,212	
	1,212	
Undistributed income carried forward	1,212	
Undistributed income carried forward		
- Realised income	1,212	
- Unrealised income	-	
	1,212	
		(Rupees)
Net assets value per unit at beginning of the period		10.0000
Net assets value per unit at end of the period		10.0321

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NBP GOVERNMENT SECURITIES FUND - I

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD FROM MARCH 18, 2019 TO MARCH 31, 2019

		NGSP-I
		For the period from March 18, 2019 to March 31, 2019
	Note	Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period before taxation		1,212
Adjustments:		
Provision for Sindh Workers' Welfare Fund		25
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		65
Amortisation of preliminary expenses and floatation costs		18
		1,320
(Decrease) in assets		
Investments		(346,188)
Prepayments and other receivables		(287)
Preliminary expenses and floatation costs		(1,237)
		(347,712)
Increase in liabilities		
Payable to the Management company		854
Payable to the Trustee		15
Payable to the Securities and Exchange Commission of Pakistan		10
Accrued expenses and other liabilities		1,261
		2,140
Net cash (used in) from operating activities		(344,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Total proceeds on issuance of units		377,863
Total payments on redemption of units		(1,012)
Net cash generated from financing activities		376,851
Net increase in cash and cash equivalents during the period		32,599
Cash and cash equivalents at the end of the period	4	32,599

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NBP GOVERNMENT SECURITIES FUND - I

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD FROM MARCH 18, 2019 TO MARCH 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP GOVERNMENT SECURITIES FUND - I (the Fund) is an open end mutual fund constituted under a trust deed entered into on December 07, 2018 between NBP Fund Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as Trustee.

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 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended 'Income scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in circular 7 of 2009 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 transferable and redeemable from March 19, 2019 by surrendering them to the Fund.

The objective of NBP Government Securities Plan – I is to provide attractive return with capital preservation at maturity of the plan, by investing in Government Securities not exceeding maturity of the plan.

The Pakistan Credit Rating Agency (PACRA) has assigned an Asset Manager Rating of AM1 to the Management Company as at December 28, 2018. The Fund has been rated AA-(f) with stable outlook as at February 28, 2019.

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

These are the first condensed interim financial statements of the Fund for the period from March 18, 2019 to March 31, 2019 therefore, comparative figures have not been included.

2 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2019.

NBP GOVERNMENT SECURITIES FUND - I

2.1 Amendments to published accounting and reporting standards that are effective in the current period:

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2018. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2019. However, these are not expected to have any significant impacts on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

2.3 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on these condensed interim financial statements of the Fund relate to classification, valuation and impairment of financial assets (note 3.2) and provision for taxation (notes 3.14 and 13).

2.4 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

2.5 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed financial statements are set out below.

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Classification and subsequent measurement Debt instruments

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

- amortised cost
- at fair value through other comprehensive income "(FVOCI)"
- at fair value through profit or loss (FVTPL) based on the business model of the entity

NBP GOVERNMENT SECURITIES FUND - I

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 recognized at FVTPL. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

3.2.2 Regular way contracts

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

3.2.3 Initial recognition and measurement

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

3.2.4 Derecognition

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

3.3 Financial liabilities

3.3.1 Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

3.3.2 Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net Asset Value per unit

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

3.7 Issue and redemption of units

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

NBP GOVERNMENT SECURITIES FUND - I

Units redeemed are recorded at the redemption price, as per the constitutive documents, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents daily Net Asset Value (NAV) announced as of the close of the dealing day less any back end load, provisions for transaction costs and any provision for duties and charges, if applicable.

3.8 Distributions to unit holders

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

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

3.9 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 assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, has specified the methodology of determination of income paid on units redeemed during the period under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the period.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which 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 recorded in the period in which these arise.
- Profit on savings accounts is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

3.11 Expenses

All expenses including management fee and trustee fee are recognised in the income statement on an accrual basis.

3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period till July 12, 2021 in accordance with the requirements set out in the Trust Deed of the Fund.

3.13 Foreign currency translation

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

5.14 Taxation

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

3.15 Earnings per unit

			(Un-Audited) March 31, 2019
4	BALANCES WITH BANKS	Note	Rupees in '000
	Profit and loss savings account	4.1	<u>32,599</u>
			<u>32,599</u>

4.1 This saving account carry mark-up rate at 11% per annum.

5 INVESTMENTS

Financial Assets at fair value through profit or loss

Government Securities

Market Treasury Bills

	Issue date	Tenor	Purchases during the period	sales/matured during the period	As at March 31, 2019	Market value as at March 31, 2019	Market value as a %age of net assets	Market value as a %age of total Investments
			-----Rupees in '000-----				------(%)-----	
5.1	14-Feb-19	3 months	350,000	-	350,000	346,123	91.55%	100.00%
			350,000	-	350,000	346,123		
						346,188		
	Carrying value before fair value adjustment as at 31 March 2018							

5.1.1 These carry rate of return at 10.61% per annum

6 PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and flotation costs

Less: amortisation during the period

Closing balance

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period till July 12, 2021 commencing from March 18, 2019 as per the requirements set out in the Trust Deed of the Fund.

NBP GOVERNMENT SECURITIES FUND - I

		(Un-Audited) March 31, 2019 Rupees in '000
7	PAYABLE TO THE MANAGEMENT COMPANY	Note
	Remuneration of the Management Company	7.1 81
	Sindh sales tax on remuneration of the Management Company	7.2 10
	Accounting and operational expenses	7.3 13
	Selling and marketing expenses	7.4 13
	Sales load payable to Management Company	626
	Sales tax payable on sales load	81
	Other payable to Management Company	30
		<u>854</u>
7.1	The Management Company has charged remuneration at the rate of 0.6% per annum on the average daily net assets for the period. The fee is payable to the Management Company on a monthly basis in arrears.	
7.2	The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.	
7.3	In accordance with Regulation 60 of the NBFC Regulations, the Management Company has charged expenses at the rate of 0.1% of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the period.	
7.4	The SECP vide circular 40 of 2016 dated December 30, 2016 (later amended vide circular 05 of 2017 dated February 13, 2017 and circular 5 of 2018 dated June 4, 2018) has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds and money market funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expenses is 0.4% per annum of the net assets of the fund or actual expenses whichever is lower. Accordingly, the Management Company has charged selling and marketing expenses amounting to Rs. 0.013 million at the rate of 0.1% of the net assets of the Fund being lower than actual expenses chargeable to Fund for the period.	
		(Un-Audited) March 31, 2019 Rupees in '000
8	PAYABLE TO THE TRUSTEE	Note
	Remuneration payable to the Trustee	13
	Sindh Sales Tax on Trustee remuneration	8.1 2
		<u>15</u>
8.1	Sindh sales tax at 13 % is charged on Trustee Fee.	
9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	
	Annual fee	9.1 10
9.1	This represents annual fee payable to the SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay the SECP an amount at the rate of 0.075% per annum of the average daily net assets of the Fund in accordance with regulation 62 of the NBFC Regulations.	

NBP GOVERNMENT SECURITIES FUND - I

		(Un-Audited) March 31, 2019 Rupees in '000
10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note
	Provision for Sindh Workers' Welfare Fund	10.1 25
	Auditors' remuneration	9
	Payable against formation cost	1,237
	Legal fee	3
	Withholding tax payable	4
	Settlement and Bank Charges	2
	Payable against printing charges	1
	Brokerage payable	5
		<u>1,286</u>

- 10.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act.

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund for the period from March 18, 2019 to March 31, 2019, the net asset value of the Fund as at March 31, 2019 would have been higher by Re. 0.0007 per unit.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2019.

12 NET ASSET VALUE PER UNIT

The net asset value (NAV) per unit, as disclosed in the condensed interim statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period / year end.

13 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

14 EARNINGS PER UNIT

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

NBP GOVERNMENT SECURITIES FUND - I

15 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the period ended March 31, 2019 is 1.60% which includes 0.35% representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

16.1 Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding ten percent or more units of the Fund.

16.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

16.4 Remuneration to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

16.5 Details of transactions with related parties / connected persons during the period are as follows:

(Un-Audited)
For the period
from March 18,
2019 to March
31, 2019
Rupees in '000

NBP Fund Management Limited - Management Company

Remuneration of the Management Company	81
Sindh sales tax on remuneration	10
Accounting and operational expenses	13
Selling and marketing expenses	13
Preliminary expenses and floatation costs	18

Central Depository Company of Pakistan Limited - Trustee

Remuneration	13
Sindh sales tax on remuneration of Trustee	2

Un-audited
March 31,
2019
Rupees in '000

16.6 Amounts / balances outstanding as at period end:

NBP Fund Management Limited - Management Company

Management fee payable	81
Sindh sales tax on remuneration of the Management Company	10
Accounting and operational expenses	13
Selling and marketing expenses	13
Sales load payable to Management Company	626
Sales tax payable on sales load	81
Other payable to Management Company	30

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	13
Sales tax payable	2

NBP GOVERNMENT SECURITIES FUND - I

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 traded in an open market are revalued at the market prices prevailing on the reporting date.

The fair value of all financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

17.1 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 : Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities;

Level 2 : Fair value measurements using 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 : Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at March 31, 2019, the carrying values of all assets approximate their fair values.

18 GENERAL

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

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **April 26, 2019** by the Board of Directors of the Management Company of the Fund.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

[jamapunji.pk](https://www.facebook.com/jamapunji.pk)

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

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@nbpfunds.com

Website: www.nbpfunds.com

 /nbpfunds