



NBP FUNDS

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NBP GOVERNMENT SECURITIES FUND I



HALF YEARLY REPORT
DECEMBER 31, 2020



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.**



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Ms. Mehnaz Salar	Director
Syed Hasan Irtiza Kazmi	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Humayun Bashir	Director
Mr. Saad Amanullah Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Saad Amanullah Khan	Chairman
Syed Hasan Irtiza Kazmi	Member
Mr. Imran Zaffar	Member
Mr. Humayun Bashir	Member

Human Resource Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Ms. Mehnaz Salar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

JS Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Limited



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

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



DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of **NBP Government Securities Fund-I** (NGSF-I) for the half year ended December 31, 2020.

Fund's Performance

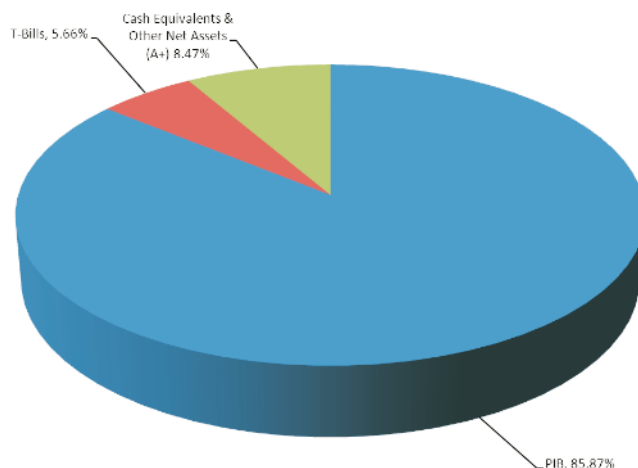
The size of NBP Government Securities Plan-I has decreased from Rs. 286 million to Rs. 193 million during the period, a decline of 33%. During the period, the unit price of the Fund has increased from Rs. 10.0391 on June 30, 2020 to Rs. 10.3187 on December 31, 2020, thus showing return of 5.5% p.a. as compared to the benchmark return of 7.1% p.a. for the same period. The performance of the Fund is net of management fee and all 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 remaining of its assets in saving accounts with banks, which enhances liquidity profile of the Fund.

During 1HFY21, the SBP held two Monetary Policy Committee (MPC) meetings wherein it left the Policy Rate unchanged at 7%, citing the prevailing accommodative monetary policy stance appropriate for the nascent economic recovery. Inflation as measured by the CPI clocked-in at 8% for December 2020, owing to supply side issues and rise in prices of perishable food items. During the period under review, T-Bills yields increased by 2 bps, 13 bps and 23 bps for 3-month, 6-month and 12-month tenures, respectively. This uptick in short-term sovereign yields is primarily reflective of demand versus supply side factors.

During the period, the SBP realized Rs. 5.1 trillion in thirteen T-Bills auctions. The market interest tilted towards shorter tenors given the market expectation of the bottoming out of the Policy Rate and the likelihood of reversal of monetary easing cycle in the coming months. In the last auction, cut-off yields on T-Bill for 3-month, 6-month and 12-month tenures were noted at 7.15%, 7.20% and 7.29%, respectively. In the six PIB auctions, the SBP realized an amount of Rs. 292 billion. In the last auction, cut-off yields for 3-year, 15-year and 20-year tenures were noted at 8.24%, 10.00% and 10.58%, respectively.

The Fund has earned a total income of Rs. 7.925 million during the period. After deducting total expenses of Rs. 1.856 million, the net income is Rs. 6.069 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSP-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: **February 26, 2021**
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے NBP گورنمنٹ سکیورٹیز فنڈ-I (NGSF-I) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

موجودہ سہ ماہی کے دوران NBP گورنمنٹ سکیورٹیز پلان-I کا سائز 286 بلین روپے سے کم ہو کر 193 بلین روپے ہو گیا یعنی 33 فیصد کمی ہوئی۔ 30 جون 2020 کو فنڈ کی یونٹ قیمت 10.0391 روپے سے بڑھ کر 31 دسمبر 2020ء کو 10.3187 روپے ہو گئی، لہذا اسی مدت میں اپنے بیچ مارک منافع 7.1% کے مقابلے 5.5% کا سالانہ منافع دیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

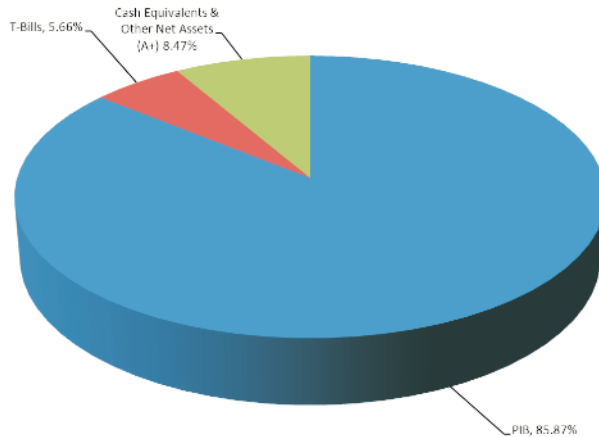
NGSP-I کی انکم فنڈ کے طور پر درجہ بندی کی گئی ہے۔ فنڈ کا مقصد پلان کی مپجورٹی سے قبل تک گورنمنٹ سکیورٹیز میں سرمایہ کاری کر کے پلان کی مپجورٹی پر کیپٹل پر یزرویشن کے ساتھ متاثر کن منافع فراہم کرنا ہے۔ NBP گورنمنٹ سکیورٹیز پلان-I کی فکسڈ مپجورٹی 12 جولائی 2021 کی ہے۔ فنڈ گورنمنٹ سکیورٹیز میں کم از کم 90% اور بینکوں کے ساتھ سیونگ اکاؤنٹ میں اپنے لیبیٹ کا کم از کم 10% یا T-Bills میں 90 دن تک انویسٹ کرنے کی اجازت دیتا ہے، جو فنڈ کی لیکویڈیٹی پر وفا کیل کو بڑھاتا ہے۔

مالی سال 2021 کی پہلی ششماہی میں اسٹیٹ بینک آف پاکستان نے مانیٹری پالیسی کمیٹی (MPC) کے دو اجلاس طلب کئے جس میں موجودہ معاشی بحالی کے لئے موزوں مانیٹری پالیسی کا حوالہ دیتے ہوئے، پالیسی کی شرح 7% کو تبدیل نہیں کیا۔ ایشیائے خورد نوش کی قیمتوں میں اضافے اور رسد کی فراہمی جیسے مسائل کے باعث CPI افراط زر کی شرح دسمبر 2020 میں 8 فیصد رہی۔ زیر جائزہ مدت کے دوران، T-Bills کے منافع میں 3 ماہ، 6 ماہ اور 12 ماہ کے عرصے میں بالترتیب 2bps، 13bps، اور 23bps کا اضافہ ہوا۔ قبلی مدتی گورنمنٹ منافع میں یہ اضافہ بنیادی طور پر طلب کے مقابلے رسد کی عکاسی کرتا ہے۔

اسٹیٹ بینک آف پاکستان نے اس عرصے کے دوران تیرہ T-Bills کی نیلامی کی، جس میں مجموعی طور پر 5.1 ٹریلین روپے حاصل کئے۔ پالیسی کی شرح کا کم ترین سطح پر، پہنچنے کی توقع اور آئندہ مہینوں میں مانیٹری آسانی کے باعث وابستی کے امکان کی وجہ سے مارکیٹ کی دلچسپی مختصر مدت کی سرمایہ کاری کی طرف مائل ہوئی۔ گزشتہ نیلامی میں، T-Bills کی کٹ آف منافع 3 ماہ، 6 ماہ اور 12 ماہ کی مدت کے لئے بالترتیب 7.15 فیصد، 7.20 فیصد اور 7.29 فیصد رہا۔ چھ PIB نیلامیوں میں، اسٹیٹ بینک کو مجموعی 292 بلین روپے کی رقم حاصل ہوئی۔ گزشتہ نیلامی میں، 3 سال، 15 سال اور 20 سال مدت کی کٹ آف منافع بالترتیب 8.24 فیصد، 10.00 فیصد اور 10.58 فیصد درج کیا گیا۔

فنڈ نے موجودہ مدت کے دوران 7.925 بلین روپے کی مجموعی آمدنی کمائی ہے۔ 1.856 بلین روپے کے اخراجات متبہا کرنے کے بعد خالص آمدنی 6.069 بلین روپے ہے۔

درج ذیل چارٹ NGSP-I کی ایسٹ ایلوکییشن 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 انویسٹمنٹ کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کے لئے ان کے ٹھٹھس رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اسٹاف اور ڈسٹری بیوٹرز 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 فروری 2021ء

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP Government Securities Fund - I (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2020 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 26, 2021



INDEPENDENT AUDITORS' REVIEW REPORT TO THE UNITHOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NBP Government Securities Fund I** ("the Fund") as at 31 December 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the three months period ended 31 December 2020 and 31 December 2019 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is **Amyr Malik**.

Date: February 26, 2021
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2020

	Note	NGSP-1	
		31 December 2020 Unaudited (Rupees in '000)	30 June 2020 Audited
Assets			
Bank balances	6	21,803	626
Investments	7	176,996	288,231
Profit receivables		5,731	8,564
Preliminary expenses and floatation costs	8	281	550
Advance and prepayment	9	1,802	1,654
Total assets		206,613	299,625
Liabilities			
Payable to NBP Fund Management Limited - Management Company	10	963	1,056
Payable to Central Depository Company of Pakistan Limited - Trustee	11	11	16
Payable to Securities and Exchange Commission of Pakistan	12	23	56
Payable against purchase of investment		10,951	-
Accrued expenses and other liabilities	13	1,292	8,706
Payable against redemption of units		-	3,455
Total liabilities		13,240	13,289
Net assets		193,373	286,336
Unit holders' fund (as per statement attached)		193,373	286,336
Contingency and commitment	14		
			(Number of units)
Number of units in issue		18,740,001	28,522,003
			(Rupees)
Net assets value per unit		10.3187	10.0391

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2020

	Note	Six months period ended		Three months period ended	
		2020	2019	2020	2019
(Rupees in '000)					
Income					
Income from Market Treasury Bills		529	919	286	449
Amortization of (premium) / discount on Pakistan Investment Bonds		(175)	7,203	(74)	3,523
Mark up income on Pakistan Investment Bonds		7,164	9,513	3,033	4,652
Profit on bank deposits		468	1,315	108	588
Income from contingent load		256	60	1	35
(Loss) / gain on sale of investments at fair value through profit or loss (FVTPL) - net		(208)	373	-	378
Net unrealised (diminution) / appreciation on re-measurement of investments at FVTPL		(109)	2,939	160	905
Total income		7,925	22,322	3,514	10,530
Expenses					
Remuneration to NBP Fund Management Limited - Management Company	10.1	682	826	290	411
Sindh Sales Tax on remuneration to Management Company	10.2	89	107	38	53
Remuneration to Central Depository Company of Pakistan Limited - Trustee	11.1	68	83	29	42
Sindh Sales Tax on remuneration to Trustee	11.2	9	11	4	6
Selling and marketing	10.3	114	138	49	69
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	122	138	57	69
Annual fee - Securities and Exchange Commission of Pakistan		23	28	10	14
Amortisation of preliminary expenses and floatation costs		269	269	134	134
Auditors' remuneration		145	191	81	118
Mutual fund rating fee		104	108	52	65
Annual listing fee		14	14	7	7
Settlement and bank charges		15	53	5	5
Printing charges		35	9	17	4
Legal and professional charges		34	20	24	10
Securities and transaction cost		9	-	-	-
Total expenses		1,732	1,995	797	1,007
Net income from operating activities		6,193	20,327	2,717	9,523
Provision for Sindh Workers' Welfare Fund	13.1	(124)	(407)	(54)	(191)
Net income for the period before taxation		6,069	19,920	2,663	9,332
Taxation	15	-	-	-	-
Net income for the period		6,069	19,920	2,663	9,332
Allocation of net income for the period					
Net income for the period		6,069	19,920	2,662	9,332
Income already paid on units redeemed		(830)	(891)	(6)	(788)
		5,239	19,029	2,656	8,544
Accounting income available for distribution:					
- Relating to capital gains		-	3,065	-	1,036
- Excluding capital gains		5,239	15,964	2,656	7,508
		5,239	19,029	2,656	8,544

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2020

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	----- (Rupees in '000) -----			
Net income for the period	6,069	19,920	2,663	9,332
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>6,069</u>	<u>19,920</u>	<u>2,663</u>	<u>9,332</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	Six months period ended					
	2020			2019		
	Value	Undistributed income	Total	Value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period	285,231	1,105	286,336	275,920	65	275,985
Issuance of 1,318 units (2019 : Nil units)						
- Capital value	13	-	13	-	-	-
- Element of income	-	-	-	-	-	-
Total proceeds on issuance of units	13	-	13	-	-	-
Redemption of 9,783,320 units (2019 : 2,305,365 units)						
- Capital value	(98,215)	-	(98,215)	(23,059)	-	(23,059)
-Element of loss	-	(830)	(830)	-	(891)	(891)
Total payments on redemption of units	(98,215)	(830)	(99,045)	(23,059)	(891)	(23,950)
Total comprehensive income for the period	-	6,069	6,069	-	19,920	19,920
Net assets at end of the period	187,029	6,344	193,373	252,861	19,094	271,955
Undistributed income brought forward						
- Realised		(13,576)			6,725	
- Unrealised		14,681			(6,660)	
		1,105			65	
Accounting income available for distribution:						
- Relating to capital gains		-			3,065	
- Excluding capital gains		5,239			15,964	
		5,239			19,029	
Undistributed income carried forward		6,344			19,094	
Undistributed income carried forward						
- Realised		6,453			16,155	
- Unrealised		(109)			2,939	
		6,344			19,094	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			10.0391			10.0024
Net assets value per unit at end of the period			10.3187			10.7549

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	31 December	
	2020	2019
Note	(Rupees in '000)	
CASH FLOWS FOR THE PERIOD FROM OPERATING ACTIVITIES		
Net income for the period	6,069	19,920
Adjustments for:		
Provision for Sindh Workers' Welfare Fund	124	-
Amortisation of preliminary expenses and floatation costs	269	-
Net unrealised diminution / (appreciation) on re-measurement investments at FVTPL	109	(2,939)
	<u>6,571</u>	<u>16,981</u>
(Increase) / decrease in assets		
Investments	111,126	6,302
Profit receivables	2,833	384
Advance and prepayment	(148)	(1,351)
Preliminary expenses and floatation costs	-	269
	<u>113,811</u>	<u>5,604</u>
Increase / (decrease) in liabilities		
Payable to NBP Fund Management Limited - Management Company	(93)	(1,295)
Payable to Central Depository Company of Pakistan Limited - Trustee	(5)	(11)
Payable to Securities and Exchange Commission of Pakistan	(33)	(44)
Payable against purchase of investment	10,951	-
Accrued expenses and other liabilities	(7,538)	429
	<u>3,282</u>	<u>(921)</u>
Net cash generated from operating activities	<u>123,664</u>	<u>21,664</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received against issuance of units	13	-
Payment against redemption of units	(102,500)	(23,950)
Distribution during the period	-	-
Net cash (used in) financing activities	<u>(102,487)</u>	<u>(23,950)</u>
Net increase / (decrease) in cash and cash equivalents	<u>21,177</u>	<u>(2,286)</u>
Cash and cash equivalents at beginning of the period	626	17,364
Cash and cash equivalents at end of the period	<u>6</u> <u>21,803</u>	<u>15,078</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 NBP Government Securities Fund – I ("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 07 December 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 04 January 2019 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 has been categorised as an open ended 'Income scheme' and is listed on Pakistan Stock Exchange. The units are transferable and can be redeemed by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at initial price of Rs. 10 on 18 March 2019 and received Rs. 379.926 million against initial public offer from various investors and accordingly the Fund commenced its business activities on the same date. Subsequent to the Public Offering, the offer of Units of the Fund has discontinued. The Management Company with the approval of the commission may issue Units of the Fund. The maturity of NBP Government Securities Plan - I will be 12 July 2021.
- 1.4 The Fund has initially offered NBP Government Securities Plan - I (NGSP - I) and may offer up to a total of five allocation plans. The objective of the NBP Government Securities Fund – I is to provide attractive return with capital preservation at maturity of the plan, by investing primarily in Government Securities not exceeding maturity of the plan.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned and maintained an asset manager rating of 'AM1' of Management Company and has assigned stability 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.
- 1.7 **Impact of COVID-19**

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Fund for the year ended June 30, 2020 due to increase in overall credit risk pertaining to the corporate debt instruments' portfolios of mutual funds, subdued equity market performance due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Fund, regulators / governments across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Fund is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders, and initiated a number of initiatives.



2 BASIS OF PREPARATION

2.1 Statement of compliance

The 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

2.1.1 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the period ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last annual financial statements.

2.1.2 These condensed interim financial statements are being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

2.2 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are certain amendments which are effective from annual period beginning on or after 1 July 2020. These amendments are not likely to have an impact on the Fund's financial position. Therefore these are not stated in these condensed interim financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and



- there is no substantive change to the other terms and conditions of the lease.
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an ‘economically equivalent’ basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 - In May 2017, the Board issued IFRS 17 Insurance Contracts, which was subsequently amended for clarifications in June 2020. IFRS 17 supersedes IFRS 4 Insurance Contracts. IFRS 17 applies for annual periods beginning on or after 1 January 2023. Early adoption is permitted for entities that apply IFRS 9 Financial Instruments on or before the date of the initial application of IFRS 17. IFRS 4 includes a temporary exemption from IFRS 9 and the overlay approach. From the date of initial application of IFRS 17 - i.e. the beginning of the period in which an entity first applies IFRS 17 - these approaches are no longer available and IFRS 9 is applied, without delay or adjustment.
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.



- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are effective for annual periods beginning on or after 1 January 2021 and are not likely to have an impact on Fund's condensed interim financial statements.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand rupees, except otherwise stated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund as at and for the year ended 30 June 2020.

4 USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed interim financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the condensed interim financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment are the same as those that applied to annual financial statements as at and for the year ended 30 June 2020.

5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2020.



			31 December 2020	30 June 2020
			Unaudited	Audited
			(Rupees in '000)	
6	BANK BALANCES	<i>Note</i>		
	In savings accounts	6.1	<u>21,803</u>	<u>626</u>

6.1 These carry a rate of return ranging from 4.5% to 7.4% per annum.

			31 December 2020	30 June 2020
			Unaudited	Audited
			(Rupees in '000)	
7	INVESTMENTS	<i>Note</i>		
	Investments by category			
	Financial assets 'at fair value through profit or loss'			
	Market Treasury Bills	7.1	10,951	36,774
	Pakistan Investment Bonds	7.2	<u>166,045</u>	<u>251,457</u>
			<u>176,996</u>	<u>288,231</u>

7.1 Market Treasury Bills

Issue date	Tenor	Face value				Market value / Carrying value as at 31 Dec 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2020	Purchases during the period	Sales / matured during the period	As at 31 Dec 2020			
		(Rupees in '000)				(%)		
23 April 2020	03 Months	15,000	-	15,000	-	-	-	-
21 May 2020	03 Months	22,000	-	22,000	-	-	-	-
05 November 2020	03 Months	-	21,000	21,000	-	-	-	-
05 November 2020	03 Months	-	11,000	-	11,000	10,951	0.06	0.06
Total		<u>37,000</u>	<u>32,000</u>	<u>58,000</u>	<u>11,000</u>	<u>10,951</u>	<u>0.06</u>	<u>0.06</u>

7.1.1 This carries a rate of return of 7.030% per annum.

7.1.2 Market Treasury Bill (T-bill) having face value of Rs 11 million (30 June 2020: Rs 37 million) is held in Investor Portfolio Securities (IPS) account maintained with Soneri Bank Limited in their IPS SGL account with State Bank of Pakistan having maturity of 28 January 2021.

7.2 Pakistan Investment Bonds

Issue date	Tenor	Face value				Market value / carrying value as at 31 Dec 2020	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2020	Purchases during the period	Sales / matured during the period	As at 31 Dec 2020			
		(Rupees in '000)				(%)		
12 July 2018	03 years	251,000	-	85,000	166,000	166,045	0.86	0.94
Total		<u>251,000</u>	<u>-</u>	<u>85,000</u>	<u>166,000</u>	<u>166,045</u>	<u>0.86</u>	<u>0.94</u>



7.2.1 This carries a rate of return of 7.25% per annum.

7.2.2 Pakistan Investment Bond (PIB) having face value of Rs 166 million (30 June 2020: Rs 251 million) is held in Investor Portfolio Securities (IPS) account maintained with Soneri Bank Limited in their IPS SGL account with State Bank of Pakistan having maturity of 12 July 2021.

	31 December 2020	30 June 2020
	Unaudited	Audited
	(Rupees in '000)	
8 PRELIMINARY EXPENSES AND FLOTATION COSTS		
Opening balance	550	1,085
Incurred during the period	-	-
Less: amortisation for the period	(269)	(535)
Balance at end of the period	<u>281</u>	<u>550</u>

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over the maturity period of the Fund as per the requirements set out in the Trust Deed.

	31 December 2020	30 June 2020
	Unaudited	Audited
	(Rupees in '000)	
9 ADVANCE AND PREPAYMENT		
	<i>Note</i>	
Advance tax	1,550	1,550
Prepaid listing fee	14	-
Other receivable	238	-
Prepaid mutual fund rating fee	-	104
	<u>1,802</u>	<u>1,654</u>

**10 PAYABLE TO NBP FUND MANAGEMENT LIMITED -
MANAGEMENT COMPANY**

Management remuneration	10.1	98	144
Sindh Sales Tax on management remuneration	10.2	13	19
Sales and transfer load		626	626
Sindh Sales Tax on sales load		81	81
Selling and Marketing Expense	10.3	48	73
Allocation of expenses related to registrar services, accounting, operation and valuation services	10.4	57	73
Formation Cost Payable to Management Company		-	-
Other payable		40	40
		<u>963</u>	<u>1,056</u>

10.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5 % of average annual net assets . The Management Company has charged its remuneration at the rate of 0.6% of the average net assets of the Fund.

10.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2011. During the period, Sindh Sales Tax at the rate of 13% was charged on management remuneration and sales load.



10.3 As per Circular 5 of 2018 dated 4 June 2018 issued by SECP, the Asset Management Company was entitled to charge selling and marketing expense to Collective Investment Scheme up to 0.4% per annum of net assets of Fund or actual expenses whichever is lower for initial three years. Circular 11 of 2019 dated 5 July 2019, issued by SECP superseded the above stated Circular and has revised the conditions and waived capping for charging selling and marketing expense. However, the management company has continued to charge selling and marketing expenses at the rate of 0.1 % per annum of average net assets of the Fund or actual expenses whichever is lower.

10.4 In accordance with clause 60(s) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 the management company is allowed to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Fund or actual whichever is less" from the mutual funds managed by it. On 20 June 2019 SECP vide S.R.O 639(I)/2019, has substituted clause (s) of regulation 3 of regulation 60 and accordingly has removed cap of charging 0.1% per annum of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services. The Management Company charged 0.1% of average daily net assets on account of fee and expenses related to registrar services, accounting, operation and valuation services upto 26 October 2020, thereafter increasing the charges to 0.125%.

	Note	31 December	30 June
		2020	2020
11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		Unaudited	Audited
		(Rupees in '000)	
Trustee remuneration	11.1	10	14
Sindh Sales Tax on Trustee remuneration	11.2	1	2
		<u>11</u>	<u>16</u>

11.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund at the rate of 0.06% per annum of net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

11.2 The Sindh Provincial Government levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2015. During the period, Sindh Sales Tax at the rate of 13% (30 June 2020: 13%) was charged on trustee remuneration.

12 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations, a collective investment scheme categorized as an income scheme is required to pay an annual fee to Securities and Exchange Commission of Pakistan, an amount equal to 0.02% per annum of the average net assets of the Fund. The fee is paid annually in arrears.

	Note	31 December	30 June
		2020	2020
13 ACCRUED EXPENSES AND OTHER LIABILITIES		Unaudited	Audited
		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	13.1	1,143	1,019
Auditors' remuneration		115	190
Bank charges		11	19
Printing charges		8	18
Withholding tax		3	7,400
Legal fee		10	60
Settlement Charges		2	-
		<u>1,292</u>	<u>8,706</u>

13.1 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, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal



to 2% 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.

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of financial institutions. The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds. Thereafter, MUFAP had 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, 2014. Accordingly provision for SWWF since inception of the Fund has been made.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the current period the net asset value of the Fund as at 31 December 2020 would be higher by Rs. 0.0610 per unit (30 June 2020: Rs 0.0357 per unit).

14 CONTINGENCY AND COMMITMENT

There was no other contingency and commitment as at 31 December 2020 (30 June 2020: Nil).

15 TAXATION

15.1 The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. The Management Company intends to distribute its accounting income as per its distribution policy for the year ending 30 June 2021 if require to ensure the compliance of this clause. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

15.2 Income already paid on redemption of units

Distribution of income by collective investment schemes includes (a) the income already distributed upon redemption of units and (b) the amount of income distributed by way of cash dividend.

Open end mutual funds continuously offer issuance and redemption of units at prevailing Net Assets Value (NAV) applicable at the time of offer and redemption. The unit-holder who invests in the open end mutual fund during the year and redeems during the same year has effectively taken his due share of income for the year and the differential amount (proceeds received less original investment) is and should be treated as "distribution of profit". In case of unit holder who existed at the beginning of the year and makes redemption during the year, the amount representing his due share of income from the current year's income is and should be considered as "distribution of profit".

In few mutual funds, the said exemption has been denied by the Additional Commissioner – Audit (AC), on the ground that the amount paid as income on units redeemed by investors during the tax year cannot be treated as distribution of income as per criteria envisaged under Clause 99 of Part 1 of the Second Schedule of the Ordinance and AC due to this, commented that the distribution by the Fund fell short of 90% distribution threshold.

In response to the order, the management filed appeal with Commissioner Appeal office. In his judgment, the Commissioner Appeals upheld Assessment Order passed by AC. The Fund has now initiated appeal in Appellate Tribunal, which is pending adjudication.

Meanwhile, the management filed petition for stay in High Court of Sindh (SHC), and stay order has been granted by SHC. In its judgment, SHC held that since the subject matter is pending before Appellate Tribunal, therefore, the recovery of impugned demand will not be enforced till the final decision of Tribunal.

Further, the issue of distribution of income is also being contested by MUFAP on behalf of the mutual funds industry at various regulatory and Government levels and management is hopeful that the matter will be resolved soon as the matter has merely arisen due to incorrect interpretation by the relevant commissioners as to what construes as distribution of profit by an open end mutual fund. SECP agrees with MUFAP's interpretation and is also actively following up with FBR to resolve the matter at the earliest.

Based on the opinion of the tax advisor, the management believes that the fund has distributed required amount of income to be eligible for tax exemption under clause 99 of Part 1 of the Second Schedule of the Income Tax Ordinance, 2001 and hence, no provision for taxation is required to be made in the financial statements.

16 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the period divided by average net asset value for the period) is 1.64% per annum. Total expense ratio (excluding government levies) is 1.42% per annum.

17 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

17.1 Connected persons include NBP Fund Management Limited (NBP Funds) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, other collective investment schemes managed by the Management Company, directors and officers of the Management Company, entities under common management or directorships, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company and unit holders holding 10 percent or more units of the Fund.

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

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

17.4 The details of significant transactions and balances with connected persons at period end except those disclosed elsewhere in these financial statements are as follows:

	------(Un-audited)-----	
	Six months period ended	
	2020	2019
	(Rupees in '000)	
17.5 Transactions during the period:		
NBP Fund Management Limited Management Company		
Management remuneration	682	826
Sindh sales tax on remuneration to Management Company	89	107
Allocation of expenses related to registrar services, accounting, operation and valuation services	122	138
Selling and marketing	114	138
Sales load and sales tax on sales load	-	-
Preliminary expenses and floatation costs	269	269
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee	68	83
Sindh sales tax on remuneration to Trustee	9	11
Settlement charges	2	4
Pakistan Stock Exchange		
Annual listing fee paid	25	25



	31 December 2020 Unaudited	30 June 2020 Audited
	(Rupees in '000)	
17.6 Amounts outstanding as at period end:		
NBP Fund Management Limited - Management Company		
Management remuneration payable	98	144
Sindh sales tax payable	13	19
Allocation of expenses related to registrar services, accounting, operation and valuation services	57	73
Selling and marketing expense	48	73
Formation cost payable	-	-
Sales load and transfer load payable	626	626
Sindh sales tax on sales load	81	81
Other payable	40	40
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	10	14
Sindh sales tax payable	1	2
Fauji Akbar Portia Marine Terminals Limited		
Units held: 11,582,308 (30 June 2020: 11,582,308 units)	119,514	116,276
GIA Export Marketing Service (Private) Limited		
Units held: 3,682,586 (30 June 2020: 3,682,586 units)	38,000	36,970

18 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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in fair value hierarchy.



		31 Dec 2020					
		Carrying value			Fair value		
Note	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)						
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
	- Market Treasury Bills	10,951	-	10,951		10,951	10,951
	- Pakistan Investment Bond	166,045	-	166,045		166,045	166,045
		<u>176,996</u>	<u>-</u>	<u>176,996</u>			
Financial assets not measured at fair value							
18.1	Bank balances	-	21,803	21,803			
	Profit receivables	-	5,731	5,731			
		<u>-</u>	<u>27,534</u>	<u>27,534</u>			
Financial liabilities not measured at fair value							
18.1	Payable to NBP Fund Management Limited - Management company	-	963	963			
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	11	11			
	Accrued expenses and other liabilities	-	146	146			
	Payable against purchase of investment	-	10,951	10,951			
		<u>-</u>	<u>12,071</u>	<u>12,071</u>			
		30 June 2020					
		Carrying value			Fair value		
Note	At fair value through profit or loss	At Amortised Cost	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)						
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
	- Market Treasury Bills	36,774	-	36,774		36,774	36,774
	- Pakistan Investment Bond	251,457	-	251,457		251,457	251,457
		<u>288,231</u>	<u>-</u>	<u>288,231</u>			



		30 June 2020					
		Carrying value			Fair value		
Note	At fair value through profit or loss	At Amortised Cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
	Financial assets not measured at fair value	18.1					
	Bank balances	-	626	626			
	Profit receivables	-	8,564	8,564			
		-	9,190	9,190			
	Financial liabilities not measured at fair value	18.1					
	Payable to NBP Fund Management Limited - Management company	-	1,056	1,056			
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	16	16			
	Accrued expenses and other liabilities	-	287	287			
	Payable against redemption of units	-	3,455	3,455			
		-	4,814	4,814			

18.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

18.2 Financial instruments not measured at FVTPL include net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these condensed interim financial information. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

19 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on February 26, 2021.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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