



NBP FUNDS
Managing Your Savings

AM1
Rated by PACRA

NBP Government Securities Savings Fund



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 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
Samba Bank Limited
Soneri Bank Limited
Summit Bank Limited
Telenor Microfinance Bank Limited
The First Microfinance Bank Limited
United Bank Limited
U Microfinance Bank Limited
Zarai Taraqiati Bank Limited



Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block, 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:

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 Savings Fund (NGSSF)** for the half year ended December 31, 2020.

Fund's Performance

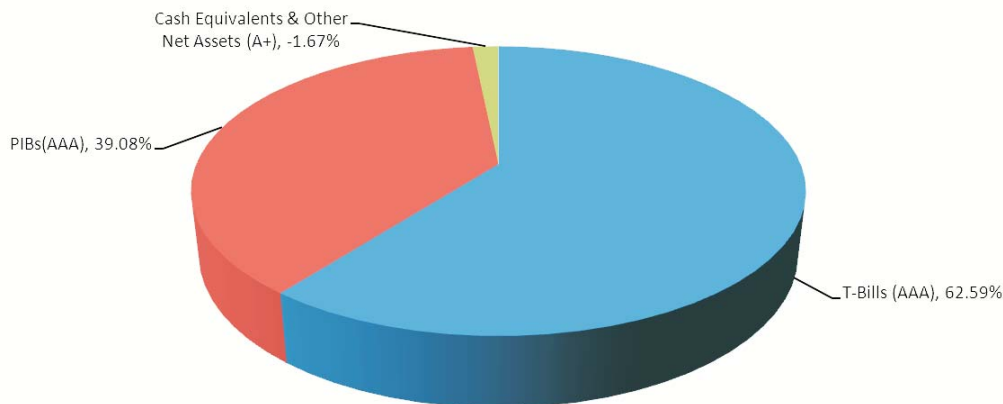
The size of NBP Government Securities Savings Fund has decreased from Rs. 692 million to Rs. 268 million during the period, a drop of 61%. During the period, the unit price of the Fund has increased from Rs. 10.3490 on June 30, 2020 to Rs. 10.5610 on December 31, 2020, thus showing return of 4.1% p.a. 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. The Fund has been assigned a stability rating of 'AA- (f)' by PACRA.

NBP Government Securities Savings Fund (NGSSF) invests a minimum of 70% in Government Securities. The Fund invests at least 10% of its assets in less than 90 days T-Bills or 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 6.424 million during the period. After deducting total expenses of Rs 2.586 million, the net income is Rs. 3.508 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSSF: The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSSF.



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 سیکورٹیز سیونگ فنڈ (NGSSF) کے جائزہ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

موجودہ مدت کے دوران NBP گورنمنٹ سیکورٹیز سیونگ فنڈ (NGSSF) کا سائز 692 ملین روپے سے کم ہو کر 268 ملین روپے ہو گیا یعنی 61% کی کمی۔ موجودہ مدت کے دوران، فنڈ کے پوزٹ کی قیمت 30 جون 2020 کو 10.3490 روپے سے بڑھ کر 31 دسمبر 2020ء کو 10.5610 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک 7.1% کے مقابلے میں 4.1% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ فنڈ کو PACRA کے ذریعے AA-(f) کی اسٹیٹہ کام کی درجہ بندی تفویض کی گئی ہے۔

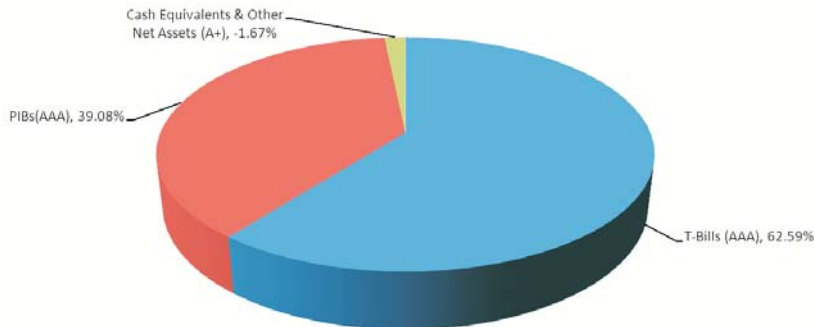
NBP گورنمنٹ سیکورٹیز سیونگ فنڈ (NGSSF) گورنمنٹ سیکورٹیز میں کم از کم 70% اور بیٹوں کے ساتھ سیونگ اکاؤنٹ میں اپنے ایسیٹ کا کم از کم 10% یا T-Bills میں 90 دن تک انویسٹ کرنے کی اجازت دیتا ہے، جو فنڈ کی لیکویڈیٹی پر فائل کو بڑھاتا ہے۔

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۔ ایشیائی خورد و 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۔ قلیل 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 واپسی 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 ملین 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 6.424 ملین روپے کی مجموعی آمدنی کمائی۔ 2.586 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 3.508 ملین روپے ہے۔

درج ذیل چارٹ NGSSF کی ایسٹ ایلیکیشن 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 منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ 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 منجمنٹ 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 Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 Savings Fund** (the Fund) as at December 31, 2020 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2020. The Management Company (NBP Fund Management Limited) is responsible for the preparation and presentation of these condensed 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 condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 condensed 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.

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 26, 2021

Karachi



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

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
Note	----- (Rupees in 000) -----	
ASSETS		
Bank balances	4 166,950	214,955
Investments	5 272,119	527,289
Profit receivable	4,333	14,519
Receivable against issuance of units	-	345
Deposit, prepayment and other receivables	760	1,032
Total assets	<u>444,162</u>	<u>758,140</u>
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	6 5,825	7,146
Payable to Central Depository Company of Pakistan Limited - Trustee	16	95
Payable to the Securities and Exchange Commission of Pakistan	7 32	161
Payable against purchase of investments	154,611	52,638
Payable against redemption of units	10,942	744
Accrued expenses and other liabilities	8 5,098	5,183
Total liabilities	<u>176,524</u>	<u>65,967</u>
NET ASSETS	<u>267,638</u>	<u>692,173</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u>267,638</u>	<u>692,173</u>
CONTINGENCIES AND COMMITMENTS	9	
	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	<u>25,342,127</u>	<u>66,883,230</u>
	----- (Rupees) -----	
NET ASSETS VALUE PER UNIT	<u>10.5610</u>	<u>10.3490</u>

The annexed notes 1 to 16 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2020	2019	2020	2019
INCOME				
Income on government securities	8,604	37,067	3,007	18,526
Income on term deposit receipts	1,675	1,062	299	1,062
Profit on bank deposits	4,234	16,041	1,552	8,235
	14,513	54,170	4,858	27,823
(Loss) / gain on sale of investments - net	(6,994)	1,721	(1)	1,693
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.3 (1,095)	4,125	545	2,734
	(8,089)	5,846	544	4,427
Total income	6,424	60,016	5,402	32,250
EXPENSES				
Remuneration of NBP Fund Management Limited - Management Company	6.1 388	1,135	129	609
Sindh Sales Tax on remuneration of the Management Company	6.2 50	147	16	79
Allocated expenses	6.4 172	394	69	204
Selling and marketing expense	6.5 1,129	2,530	409	1,430
Remuneration of Central Depository Company of Pakistan Limited - Trustee	105	257	38	133
Sindh Sales Tax on remuneration of the Trustee	14	33	5	17
Annual fee of the Securities and Exchange Commission of Pakistan	7.1 32	79	11	41
Auditors' remuneration	222	221	111	156
Securities transaction costs	15	74	15	64
Settlement and bank charges	92	56	33	45
Annual listing fee	11	14	5	8
Legal and professional charges	18	18	9	-
Annual rating fee	168	166	84	87
Printing and other charges	92	36	46	30
Total operating expenses	2,508	5,160	980	2,903
Net income from operating activities	3,916	54,856	4,422	29,347
Provision against Sindh Workers' Welfare Fund	8.1 (78)	(1,097)	(78)	(587)
Net income for the period before taxation	3,838	53,759	4,344	28,760
Taxation	10 -	-	-	-
Net income for the period after taxation	3,838	53,759	4,344	28,760
Earnings per unit	11			
Allocation of net income for the period				
Net income for the period after taxation	3,838	53,759	4,344	28,760
Income already paid on units redeemed	(330)	(28,456)	(330)	(10,152)
	3,508	25,303	4,014	18,608
Accounting income available for distribution:				
- Relating to capital gains	-	95	544	(1,324)
- Excluding capital gains	3,508	25,208	3,470	19,932
	3,508	25,303	4,014	18,608

The annexed notes 1 to 16 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Half year ended December 31,		Quarter ended December 31,	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Net income for the period after taxation	3,838	53,759	4,344	28,760
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>3,838</u>	<u>53,759</u>	<u>4,344</u>	<u>28,760</u>

The annexed notes 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended December 31, 2020			Half year ended December 31, 2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the period (audited)	650,168	42,005	692,173	1,051,874	40,423	1,092,297
Issuance of 20,252,189 units (2019:182,083,211 units)						
- Capital value (at net asset value per unit at the beginning of the period)	209,590	-	209,590	1,879,028	-	1,879,028
- Element of income	1,651	-	1,651	45,400	-	45,400
Total proceeds on issuance of units	211,241	-	211,241	1,924,428	-	1,924,428
Redemption of 61,793,292 units (2019: 221,377,361 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(639,499)	-	(639,499)	(2,284,526)	-	(2,284,526)
- Element of income / (loss)	215	(330)	(115)	(5,445)	(28,456)	(33,901)
Total payments on redemption of units	(639,284)	(330)	(639,614)	(2,289,971)	(28,456)	(2,318,427)
Total comprehensive income for the period	-	3,838	3,838	-	53,759	53,759
Distribution during the period						
Cash distribution for the half year ended December 31, 2019						
-@Re. 0.7207 per unit (date of declaration: October 29, 2019)	-	-	-	(36,670)	(15,298)	(51,968)
-@Re. 0.0726 per unit (date of declaration: November 28, 2019)	-	-	-	(800)	(2,959)	(3,759)
-@Re. 0.1274 per unit (date of declaration: December 27, 2019)	-	-	-	(2,475)	(5,913)	(8,388)
	-	-	-	(39,945)	(24,170)	(64,115)
Net assets at end of the period (un-audited)	222,125	45,513	267,638	646,386	41,556	687,942
Undistributed income brought forward						
- Realised income		21,754			46,868	
- Unrealised income / (loss)		20,251			(6,445)	
		42,005			40,423	
Accounting income available for distribution:						
- Relating to capital gains		-			95	
- Excluding capital gains		3,508			25,208	
		3,508			25,303	
Distribution for the period		-			(24,170)	
Undistributed income carried forward		45,513			41,556	
Undistributed income carried forward						
- Realised income		46,608			37,431	
- Unrealised (loss) / income		(1,095)			4,125	
		45,513			41,556	
Net assets value per unit at beginning of the period			(Rupees) 10.3490			(Rupees) 10.3196
Net assets value per unit at end of the period			10.5610			10.3368

The annexed notes 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2020

	Note	Half year ended	
		2020	2019
December 31,			
---- (Rupees in 000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		3,838	53,759
Adjustments:			
Income on government securities		(8,604)	(37,067)
Income on term deposit receipts		(1,675)	(1,062)
Profit on bank deposits		(4,234)	(16,041)
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.3	1,095	(4,125)
Provision against Sindh Workers' Welfare Fund	8.1	78	1,097
		(13,340)	(57,198)
Decrease / (increase) in assets			
Investments - net		523,563	(15,198)
Deposits, prepayment and other receivables		272	152
		523,835	(15,046)
(Decrease) / increase in liabilities			
Payable to NBP Fund Management Limited - Management Company		(1,321)	1,183
Payable to Central Depository Company of Pakistan Limited - Trustee		(79)	(120)
Payable to the Securities and Exchange Commission of Pakistan		(129)	(457)
Accrued expenses and other liabilities		(163)	(1,509)
		(1,692)	(903)
Profit received on bank deposits, government securities and term deposit receipts		24,699	57,286
Net cash generated from operating activities		<u>537,340</u>	<u>37,898</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received from issuance of units		211,586	1,883,993
Amounts paid on redemption of units		(629,416)	(2,315,059)
Distributions paid		-	(24,170)
Net cash used in financing activities		<u>(417,830)</u>	<u>(455,236)</u>
Net increase / (decrease) in cash and cash equivalents during the period		<u>119,510</u>	<u>(417,338)</u>
Cash and cash equivalents at the beginning of the period		214,955	861,816
Cash and cash equivalents at the end of the period	4.2	<u><u>334,465</u></u>	<u><u>444,478</u></u>

The annexed notes 1 to 16 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 THESE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Government Securities Savings Fund (the Fund) was established under a Trust Deed entered into between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 5, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 30, 2014.

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

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.

The objective of the Fund is to provide unit holders with competitive return from a portfolio of low credit risk securities by investing primarily in government securities.

The Pakistan Credit Rating Agency (PACRA) has determined the asset manager rating of the Management Company of AM1 (2019: AM1 on December 24, 2019) on June 24, 2020. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the stability rating of the Fund to "AA-(f)" (2019: "AA-(f)" on April 17, 2020) on October 16, 2020.

The title to the assets of the Fund is held in the name of CDC as the Trustee of the Fund.

1.1 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 half year ended December 31, 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

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
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

2.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. 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, 2020.

2.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2020.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

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, 2020.

3.2 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the 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 these 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 in the audited annual financial statements as at and for the year ended June 30, 2020. The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2020.



3.3 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan 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, 2020. 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.

3.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan 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, 2021. However, these will not have any significant effects on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
4	BANK BALANCES	Note ----- (Rupees in 000) -----	
	Balances with banks in:		
	Savings accounts	4.1 166,453	213,755
	Current accounts	497	1,200
		<u>166,950</u>	<u>214,955</u>

4.1 These include balances of Rs 0.406 million (June 30, 2020: Rs 0.393 million), Rs 1.026 million (June 30, 2020: Rs 1.093 million), Rs 0.078 million (June 30, 2020: Nil) and Rs 2.359 million (June 30, 2020: Nil) maintained with National Bank of Pakistan, BankIslami Pakistan Limited, Telenor Microfinance Bank Limited and Khushhali Bank Limited (related parties), that carry profit at the rate ranging from 4.5% to 9.8% (June 30, 2020: 4.5% to 7.25%) per annum. Other savings accounts of the Fund carry profit at the rate ranging from 4.5% to 9.0% (June 30, 2020: 5.5% to 15.5%) per annum.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
4.2	Cash and cash equivalents:	Note ----- (Rupees in '000) -----	
	Balances with banks	4 166,950	214,955
	Government Securities - Market Treasury Bills	5 167,515	-
		<u>334,465</u>	<u>214,955</u>

5 INVESTMENTS

At fair value through profit or loss

Government Securities - Pakistan Investment Bonds	5.1	104,604	433,749
Government Securities - Market Treasury Bills	5.2	167,515	58,540
Term deposit receipts		-	35,000
		<u>272,119</u>	<u>527,289</u>



5.1 Government Securities - Pakistan Investment Bonds

Issue date	Tenor in years	Face value				Market value as at December 31, 2020	Market value as a percentage of	
		As at July 01, 2020	Purchased during the period	Sold during the period	As at December 31, 2020		net assets of the Fund	total investments of the Fund
----- (Rupees in 000) ----- (%) -----								
July 19, 2012	10	34,000	-	-	34,000	36,077	13.48%	13.26%
September 19, 2019	3	120,900	-	75,000	45,900	46,700	17.45%	17.16%
September 19, 2019	5	258,400	-	237,000	21,400	21,827	8.16%	8.02%
Total		413,300	-	312,000	101,300	104,604	39.09%	38.44%
Carrying value as at December 31, 2020						105,695		
Market value as at June 30, 2020						433,749		
Carrying value as at June 30, 2020						413,528		

5.1.1 These carry profit at rates ranging from 9% to 12% per annum (June 30, 2020: 9% to 12% per annum) and are due to mature latest by September 19, 2024.

5.2 Government Securities - Market Treasury Bills

Issue date	Tenor in months	Face value				Market value as at December 31, 2020	Market value as a percentage of	
		As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at December 31, 2020		net assets of the Fund	total investments of the Fund
----- (Rupees in 000) ----- (%) -----								
November 7, 2019	12	53,930	-	53,930	-	-	-	-
October 24, 2019	12	3,500	-	3,500	-	-	-	-
September 12, 2019	12	2,500	-	2,500	-	-	-	-
August 16, 2020	12	-	10,000	10,000	-	-	-	-
April 9, 2020	6	-	126,000	126,000	-	-	-	-
April 23, 2020	6	-	55,000	55,000	-	-	-	-
September 24, 2020	3	-	12,000	12,000	-	-	-	-
October 8, 2020	3	-	10,000	10,000	-	-	-	-
July 2, 2020	6	-	50,000	50,000	-	-	-	-
October 22, 2020	3	-	170,000	50,000	120,000	119,771	44.75%	44.01%
March 12, 2020	6	-	10,000	10,000	-	-	-	-
March 26, 2020	6	-	38,000	38,000	-	-	-	-
August 27, 2020	3	-	5,500	5,500	-	-	-	-
December 19, 2019	12	-	5,000	5,000	-	-	-	-
July 2, 2020	6	-	50,000	50,000	-	-	-	-
November 5, 2020	3	-	35,000	-	34,819	34,846	13.02%	12.81%
November 19, 2020	3	-	13,000	-	12,898	12,898	4.82%	4.74%
Total		59,930	589,500	481,430	167,717	167,515		
Carrying value as at December 31, 2020						167,519		
Market value as at June 30, 2020						58,540		
Carrying value as at June 30, 2020						58,510		



- 5.2.1 These carry profit rates ranging from 7.09% to 7.14% (June 30, 2020: 7.05% to 7.10%) per annum and are due to mature latest by February 11, 2021.

	Note	Unaudited	
		December 31, 2020	June 30, 2020
5.3 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		----- (Rupees in 000) -----	
Market value of investments	5.1 & 5.2	272,119	527,289
Less: carrying value of investments	5.1 & 5.2	(273,214)	(507,038)
		(1,095)	20,251
6 PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY			
Remuneration of the Management Company	6.1	44	175
Sindh Sales Tax on remuneration of the Management Company	6.2	5	23
Federal excise duty on remuneration of the Management Company	6.3	1,864	1,864
Federal excise duty on sales load	6.3	371	371
Sales and transfer load		2,651	2,307
Sindh Sales Tax on sales load		365	320
Allocated expenses payable	6.4	69	255
Selling and marketing expenses	6.5	410	1,786
Other payable		46	45
		5,825	7,146

- 6.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration under the following rates:

Rate applicable from July 1, 2020 to December 31, 2020	Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to June 30, 2020
1.5% on net income, subject to floor and capping of 0.2% and 1% per annum of the average annual net assets.	5% on net income, subject to floor and capping of 0.3% and 1% per annum of the average annual net assets.	1.5% on net income, subject to floor and capping of 0.2% and 1% per annum of the average annual net assets.

The remuneration is payable to the Management Company in arrears.

- 6.2 During the period, an amount of Rs. 0.050 million (2019: Rs. 0.147) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13%.
- 6.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sale load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Honourable High Court of Sindh (HCS) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.



During the year ended June 30, 2017, HCS passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Honourable Supreme Court of Pakistan (HSC) which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 2.24 million (June 30, 2020: Rs 2.24 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at December 31, 2020 would have been higher by Re 0.0882 (June 30, 2020: Re 0.0334) per unit.

- 6.4** In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% per annum of the average annual net assets of the scheme or actual whichever is less, for allocation of such expenses to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%.

Accordingly, the Management Company based on its discretion has charged accounting and operational charges as per the following rates:

Rate applicable from July 1, 2020 to October 26, 2020	Rate applicable from October 27, 2020 to December 31, 2020	Rate applicable from July 1, 2019 to June 30, 2020
0.1% of average annual net assets	0.125% of average annual net assets	0.1% of average annual net assets

- 6.5** The SECP has allowed an asset management company to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the average annual net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company based on its own discretion has determined a capping of 0.7% of the average annual net assets of the Fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board of Directors of the Management Company.

7	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	(Unaudited)	(Audited)
			December 31, 2020	June 30, 2020
			----- (Rupees in 000) -----	-----
	Annual fee payable	7.1	<u>32</u>	<u>161</u>

- 7.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

As per the guideline issued by the SECP vide its SRO No. 685(I)/2019 dated June 28, 2019, the Fund has charged the SECP fee at the rate of 0.02% (June 30, 2020: 0.02%) of average annual net assets of the fund.



		(Unaudited) December 31, 2020	(Audited) June 30, 2020
8 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	----- (Rupees in 000) -----	
Provision against Sindh Workers' Welfare Fund	8.1	4,521	4,443
Auditors' remuneration payable		155	263
Brokerage fee payable		7	104
Bank charges payable		149	24
Printing charges payable		124	67
Withholding tax payable		52	53
Capital gains tax payable		22	132
Legal and professional charges payable		68	97
		5,098	5,183

8.1 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 two percent of such income. The matter was taken up by 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 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, 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.

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund for the period ended December 31, 2020, the net asset value per unit of the Fund as at December 31, 2020 would have been higher by Re 0.1784 (June 30, 2020: 0.0664) per unit.

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2020 and June 30, 2020.

10 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2021 to the unit holders in the manner as explained above, therefore, no provision for taxation has been made in these condensed interim financial statements during the period.

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.

11 EARNINGS PER UNIT

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



12 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 1.61% (December 31, 2019: 1.59%) which includes 0.11% (December 31, 2019: 0.34%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2019: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "Income" scheme.

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

13.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Baltoro Growth Fund being the sponsors, NAFA Pension Fund and NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

13.2 Transactions with connected persons / related parties 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. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

13.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

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

13.6 Details of the transactions with related parties / connected persons during the year are as follows:

	----- (Un-audited) -----	
	Half year ended December 31,	
	2020	2019
	----- (Rupees in 000) -----	
NBP Fund Management Limited - the Management Company		
Remuneration of the Management Company	388	1,135
Sindh Sales Tax on remuneration of the Management Company	50	147
Selling and marketing expenses	1,129	2,530
Allocated expenses	172	394
Sales and transfer load	344	607
Sales Tax on sales and transfer load	45	79
Units redeemed: Nil units (December 31, 2019: 9,842,418 units)	-	105,248
National Bank of Pakistan - parent company		
Purchase of Market Treasury Bills	-	274,410
Purchase of Pakistan Investment Bonds	-	93,536
Profit on bank deposits	15	17
Employees of the Management Company		
Units issued: 164,651 units (December 31, 2019: 204,016 units)	1,713	2,213
Units redeemed: 292,700 units (December 31, 2019: 204,033 units)	3,022	2,230
Dividend reinvestment units issued: Nil units (December 31, 2019: 2,686 units)	-	28



----- (Un-audited) -----
Half year ended
December 31,

2020 2019
----- (Rupees in 000) -----

BankIslami Pakistan Limited - common directorship

Profit Income 19 5

Shahid Abdullah - unit holder holding 10% or more units*

Dividend reinvestment: Nil units (December 31, 2019: 152,478 units) - 1,574

Units issued: Nil units (December 31, 2019: 8,412,646) - 91,723

Ansaar Management Company (Private) Limited - unit holder holding 10% or more units*

Dividend reinvestment: Nil units (December 31, 2019: 24,956 units) - 257

NBP Mahana Amdani Fund

Sale of Market Treasury Bills - 82,978

NBP Financial Sector Income Fund

Purchase of Market Treasury Bills - 179,430

Portfolio managed by the Management Company

Units redeemed: Nil units (December 31, 2019: 3,952,715 units) - 41,401

Purchase of Pakistan Investment Bonds - 24,759

Sale of Pakistan Investment Bonds - 8,271

Purchase of Market Treasury Bills - 53,781

Central Depository Company of Pakistan Limited - the Trustee

Remuneration of the Trustee 105 257

Sindh sales tax on remuneration of the Trustee 14 33

Pakistan Stock Exchange Limited - common directorship

Listing fee paid 25 25

Telenor Microfinance Bank Limited - common directorship**

Bank profit earned 1 -

Khushhali Bank Limited - common directorship**

Bank profit earned 54 -

(Un-audited) (Audited)
December June 30,
31, 2020 2020

13.7 Amounts outstanding as at year end are as follows:

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

NBP Fund Management Limited - the Management Company

Management fee payable 44 175

Sindh sales tax payable on remuneration of the Management Company 5 23

Federal Excise Duty on remuneration of the Management Company 1,864 1,864

Federal Excise Duty on sales load 371 371

Sales and transfer load payable 2,651 2,307

Sindh sales tax on sales load payable 365 320

Allocated expenses payable 69 255

Selling and marketing expenses payable 410 1,786

Other payables 46 45



	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	----- (Rupees in 000) -----	
Employees of the Management Company		
Units held: 26,911 units (June 30, 2020: 154,960 units)	284	1,604
Central Depository Company of Pakistan Limited - the Trustee		
Trustee fee payable	14	84
Sindh sales tax payable on Trustee fee	2	11
Security deposit	102	102
Portfolio managed by the Management Company		
Units held: 232 units (June 30, 2020: 232 units)	2	2
Century Insurance Company Limited - unit holder with 10% or more holding*		
Units held: Nil units (June 30, 2020: 8,033,785 units)	-	83,142
National Bank of Pakistan - parent company		
Bank balance in savings account	406	393
Profit receivable	-	5
Bank Islami Pakistan Limited - common directorship		
Bank balance in savings account	1,026	1,093
Profit receivable	7	29
Telenor Microfinance Bank Limited - common directorship**		
Bank balance in savings account	78	-
Accrued mark-up on bank balance	28	-
Khushhali Bank Limited - common directorship**		
Bank balances - savings account	2,359	-
Accrued mark-up on bank balance	1	-

* Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2020

** Previous period balances with these parties have not been disclosed as they were not connected persons and related parties at June 30, 2020.

14 FAIR VALUE MEASUREMENT

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

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

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

14.1 Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

As at December 31, 2020 and June 30, 2020, the Fund held the following financial instruments measured at fair value:

----- Unaudited -----				
----- As at December 31, 2020 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
At fair value through profit or loss				
Government Securities - Pakistan	-	104,604	-	104,604
Investment Bonds				
Government Securities - Market Treasury Bills	-	167,515	-	167,515
Term deposit receipts	-	-	-	-
	-	272,119	-	272,119

----- Audited -----				
----- As at June 30, 2020 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
At fair value through profit or loss				
Government Securities - Pakistan	-	433,749	-	433,749
Investment Bonds				
Government Securities - Market Treasury Bills	-	58,540	-	58,540
Term deposit receipts*	-	35,000	-	35,000
	-	527,289	-	527,289

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

15 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees.

16 DATE OF AUTHORISATION FOR ISSUE

These condensed interim 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

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