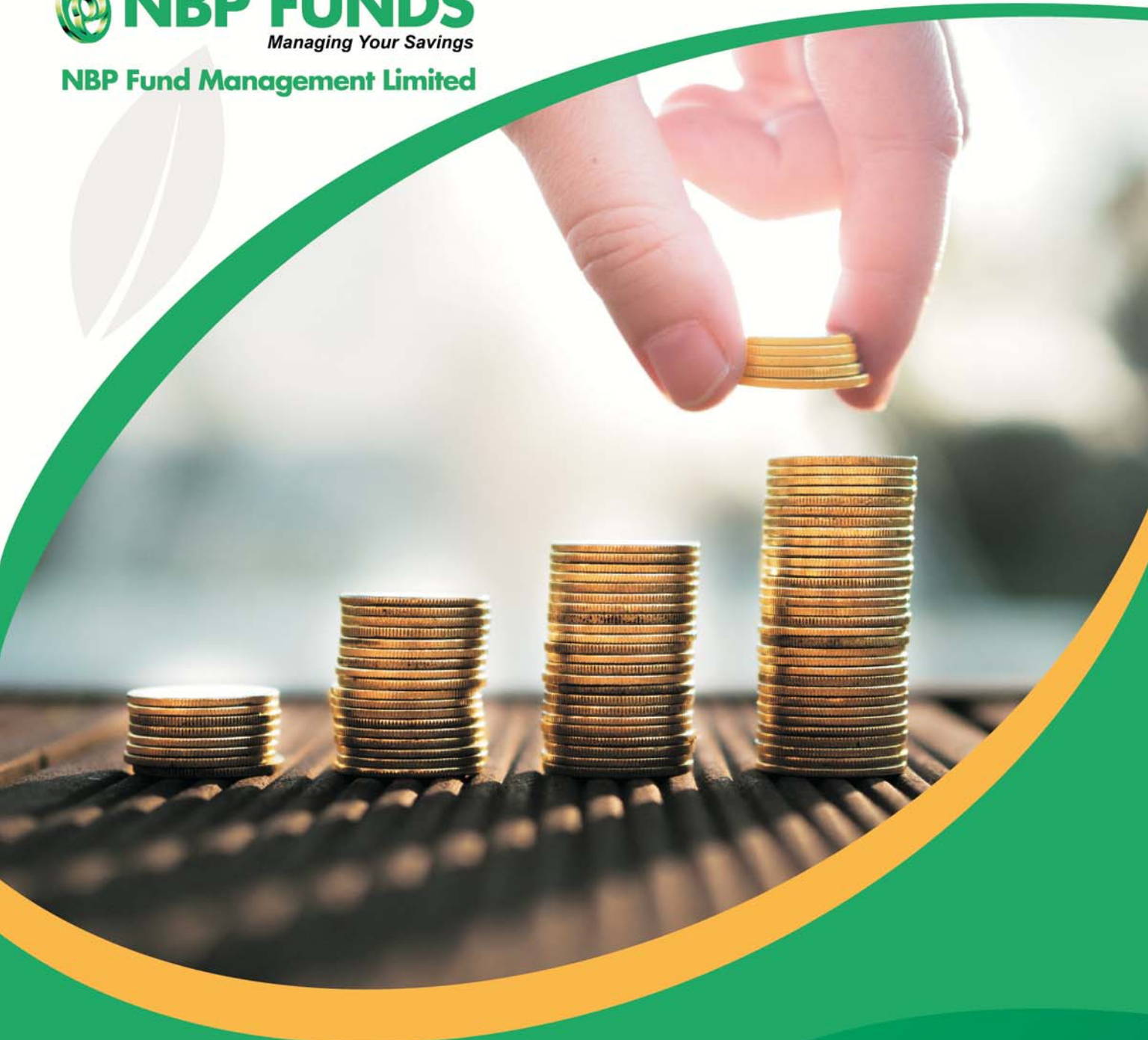




*Managing Your Savings*

**NBP Fund Management Limited**



# **NBP GOVERNMENT SECURITIES FUND - I**

**ANNUAL REPORT**  
**2023**

**AM1**  
Rated by PACRA

# MISSION STATEMENT

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

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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
Mr. Tauqeer Mazhar	Director
Ms. Mehnaz Salar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Khalid Mansoor	Director
Mr. Saad Amanullah Khan	Director
Mr. Ruhail Muhammad	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource & Remuneration Committee

Mr. Khalid Mansoor	Chairman
Shaikh Muhammad Abdul Wahid Sethi	Member
Mr. Ali Saigol	Member
Mr. Saad Amanullah Khan	Member

### Strategy & Business Planning Committee

Mr. Saad Amanullah Khan	Chairman
Mr. Tauqeer Mazhar	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Khalid Mansoor	Member

### Trustee

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

### Bankers to the Fund

JS Bank Limited  
Soneri Bank Limited



## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

## Board of Directors



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Saad Amanullah Khan**  
Director



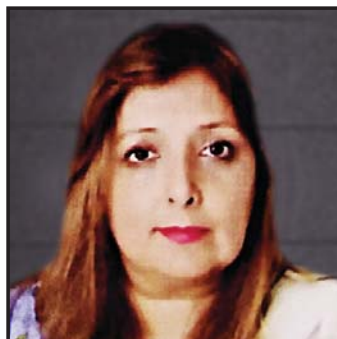
**Mr. Tauqeer Mazhar**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Ruhail Muhammad**  
Director



**Ms. Mehnaz Salar**  
Director



**Mr. Imran Zaffar**  
Director

## Senior Management



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer



**Mr. Muhammad Murtaza Ali**  
Chief Operating Officer &  
Company Secretary



**Mr. Asim Wahab Khan, CFA**  
Chief Investment Officer



**Mr. Ozair Khan**  
Chief Technology Officer



**Mr. Salim S Mehdi**  
Chief Business  
Development Officer



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



**Mr. Khalid Mehmood**  
Chief Financial Officer



**Mr. Salman Ahmed, CFA**  
Head of Fixed Income



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



**Mr. Muhammad Umer Khan**  
Head of Human Resources &  
Administration



**Syed Sharoz Mazhar, CFA**  
Head of Business &  
Sales Strategy



**Mr. Zaheer Iqbal, ACA FPFA**  
Head of Operations



**Mr. Waheed Abidi**  
Head of Internal Audit



**Mr. Hassan Raza, CFA**  
Head of Research



**Mr. Mustafa Farooq**  
Head of Compliance

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the 1st Annual Report of **NBP Government Securities Fund-I** (NGSF-I) for the period ended June 30, 2023.

During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively. Besides, SBP held thirteen (13) PIB auctions and realized Rs. 1.3 trillion, where the yields from June 2022 levels were increased by 6.02%, 3.15% and 2.40% for 3 years, 5 years and 10 years, respectively.

### NBP Government Securities Plan - II

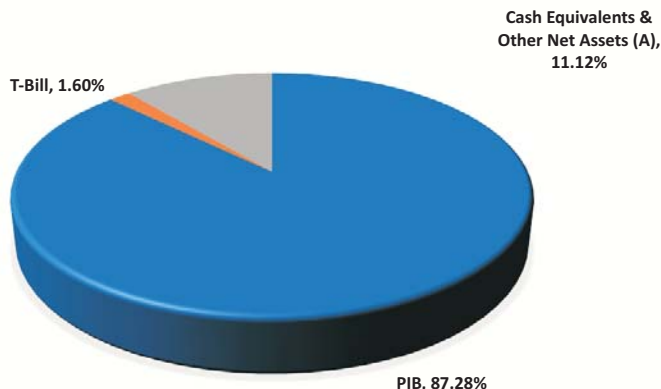
The Board of Directors of NBP Fund Management Limited is pleased to present the 1st Annual Report of NBP Government Securities Plan-II (NGSP-II) for the period ended June 30, 2023.

#### Plan's Performance

The fund NBP Government Securities Plan-II was launched on February 28, 2023 and closed at Rs. 6,119 million on June 30, 2023. During the period, the unit price of the Fund has increased from Rs. 9.3773 (Ex-Div) since inception to Rs. 10.0281, thus showing a return of 20.76% as compared to the benchmark return of 21.64%. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 430.595 million during the period. After deducting total expenses of Rs. 17.765 million, the net income is Rs. 412.830 million.

The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSP-II.



#### Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 6.57% of the opening ex-NAV (6.57% of the par value) during the period June 30, 2023.



## NBP GOVERNMENT SECURITIES PLAN-III (NGSP-III)

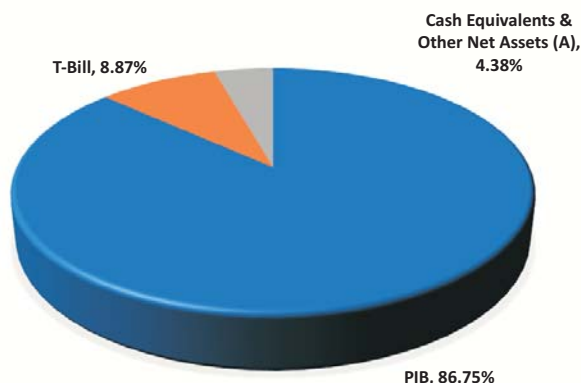
The Board of Directors of NBP Fund Management Limited is pleased to present the 1st Annual Report of NBP Government Securities Plan-III (NGSP-III) for the period ended June 30, 2023

### Plan's Performance

The fund NBP Government Securities Plan-III was launched on March 27, 2023 and closed at Rs. 1,650 million on June 30, 2023. During the period, the unit price of the Fund has increased from Rs. 9.4815 (Ex-Div) since inception to Rs. 10.0200, thus showing a return of 21.82% as compared to the benchmark return of 21.87%. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 206.941 million during the period. After deducting total expenses of Rs. 8.702 million, the net income is Rs. 198.239 million

The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSP-III.



### Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 5.37% of the opening ex-NAV (5.37% of the par value) during the period ended June 30, 2023.

## NBP GOVERNMENT SECURITIES PLAN-IV (NGSP-IV)

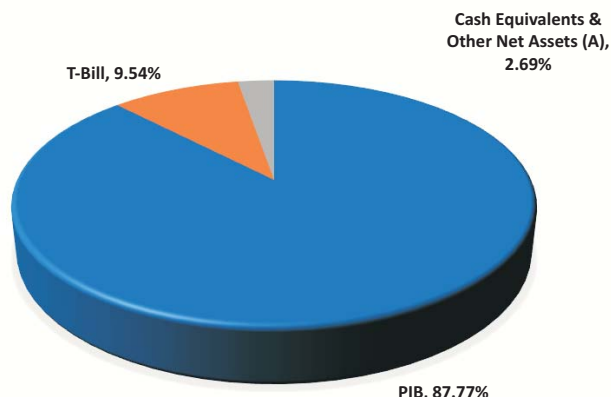
The Board of Directors of NBP Fund Management Limited is pleased to present the 1st Annual Report of NBP Government Securities Plan-IV (NGSP-IV) for the period ended June 30, 2023.

### Plan's Performance

The fund NBP Government Securities Plan-IV was launched on May 10, 2023 and closed at Rs. 2,046 million on June 30, 2023. During the period, the unit price of the Fund has increased from Rs. 9.7508 (Ex-Div) since inception to Rs. 10.0255, thus showing a return of 20.16% as compared to the benchmark return of 22.00%. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 59.168 million during the period. After deducting total expenses of Rs. 2.916 million, the net income is Rs. 56.252 million.

The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSP-IV.



### Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 2.55% of the opening ex-NAV (2.55% of the par value) during the period ended June 30, 2023.

### NBP GOVERNMENT SECURITIES PLAN-V (NGSP-V)

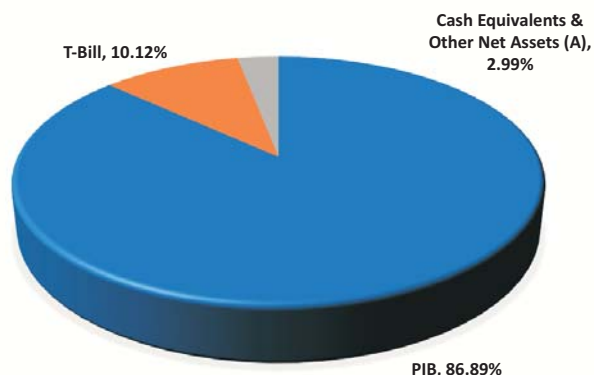
The Board of Directors of NBP Fund Management Limited is pleased to present the 1st Annual Report of NBP Government Securities Plan-V (NGSP-V) for the period ended June 30, 2023.

### Plan's Performance

The fund NBP Government Securities Plan-V was launched on May 17, 2023 and closed at Rs. 19,768 million on June 30, 2023. During the period, the unit price of the Fund has increased from Rs. 9.7799 (Ex-Div) since inception to Rs. 10.0182, thus showing a return of 20.22% as compared to the benchmark return of 22.03%. The performance of the Fund is net of management fee and all other expenses.

The Fund has earned a total income of Rs. 507.937 million during the period. After deducting total expenses of Rs. 30.885 million, the net income is Rs 477.052 million.

The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSP-V.



## Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 2.24% of the opening ex-NAV (2.24% of the par value) during the period ended June 30, 2023.

## Taxation

As the above cash dividend is more than 90% of the income earned during the period, as reduced by accumulated losses and capital gains, whether realized or unrealized, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

## Auditors

The present auditors, Messrs Yousuf Adil Chartered Accountants, retired and, being eligible, offer themselves for re-appointment for the year ending June 30, 2024.

## Directors' Statement in Compliance with best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held six meetings during the year. The attendance of all directors is disclosed in the note 21 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 20 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 18 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Company, being an un-listed company, does not have any minority interest. For the year ended June 30, 2023, the Board included:

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

## Acknowledgement

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

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

On behalf of the Board of  
**NBP Fund Management Limited**

**Chief Executive Officer**

**Director**

Date: **September 15, 2023**

Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP گورنمنٹ سیکورٹیز فنڈ-I (NGSF-I) کی پہلی سالانہ رپورٹ برائے اختتامہ سال 30 جون 2023ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

مالی سال 23 کے دوران، اسٹیٹ بینک کی مانیٹری پالیسی کمیٹی (MPC) نے 19 اجلاس منعقد ہوئے اور ملکی غیر یقینی صورتحال اور بیرونی اکاؤنٹ پر مسلسل دباؤ کی وجہ سے افراط زر کے دباؤ کو روکنے، قیمتوں میں استحکام حاصل کرنے، اقتصادوی استحکام کو یقینی بنانے، اور کرنسی کے دباؤ کو کم کرنے کے لیے پالیسی شرح کو 825 بیسس پوائنٹس بڑھا کر 22% کر دیا۔ ماہانہ افراط زر مئی 2023 میں کئی دہائیوں کی بلند ترین سطح 38 فیصد تک پہنچ گیا، اور نقطہ نظر مروجہ ملکی غیر یقینی صورتحال اور بیرونی خطرات سے مشروط ہے، جو درمیانی اور قلیل مدتی نمو کو کمزور کر رہا ہے۔ مزید برآں، کم نئے انفلوئز اور کمزور سرمایہ کاری کے درمیان قرض کی ادائیگی زرمبادلہ ذخائر پر دباؤ ڈال رہی ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کے ہاں خالص لیکویڈ غیر ملکی زرمبادلہ کے ذخائر جون 2023 میں 4.5 بلین امریکی ڈالر ریکارڈ کیے گئے، جو مالی سال 23 کے دوران 5.3 بلین امریکی ڈالر کی کمی سے مالی استحکام اور مالیاتی کنسولیدیشن کے لیے چیلنجز اور خطرات کا باعث بنے ہیں۔ گورنمنٹ بونڈز منافعوں نے بھی ان پالیسی اقدامات اور بڑھتی ہوئی افراط زر اور شرح سود کے نقطہ نظر کا جواب دیا۔ سیاسی اور معاشی غیر یقینی صورتحال کی وجہ سے مارکیٹ کے شرکاء کی دلچسپی کا بھگاؤ مختصر مدت کی طرف رہا۔ SBP نے سٹائیکس (27) ٹی بل نیلامیوں کا انعقاد کیا، جس میں 24.4 ٹریلین روپے کے ہدف اور 23.5 ٹریلین روپے کی بیچورٹی کے مقابل 25.1 ٹریلین روپے کی وصولی ہوئی۔ ٹی بلز کی 3 ماہ، 6 ماہ اور 12 ماہ کی پیداوار میں بالترتیب 767 bps، 772 bps اور 763 bps کا اضافہ ہوا۔ اس کے علاوہ، SBP نے تیرہ (13) پی آئی بی نیلامیاں منعقد کیں اور 1.3 ٹریلین روپے وصول کئے، جہاں جون 2022 کی سطحوں سے 3 سالوں، 5 سالوں اور 10 سالوں کی پیداوار میں بالترتیب 6.02%، 3.15% اور 2.40% کا اضافہ ہوا۔

### NBP گورنمنٹ سیکورٹیز پلان-II

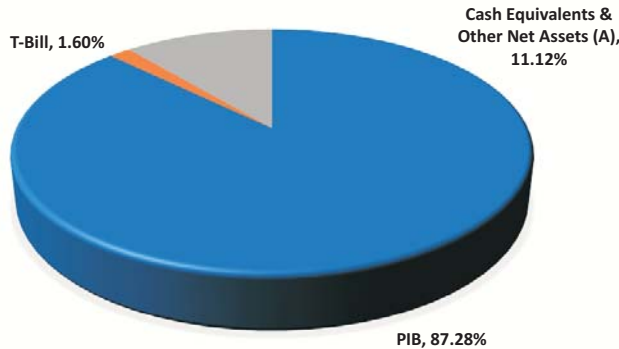
NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP گورنمنٹ سیکورٹیز پلان-II (NGSP-II) کی پہلی سالانہ رپورٹ برائے اختتامہ سال 30 جون 2023ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### پلان کی کارکردگی

NBP گورنمنٹ سیکورٹیز پلان-II کا 28 فروری 2023 کو آغاز کیا گیا اور 30 جون 2023 کو 6,119 ملین روپے پر بند ہوا۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت اپنے آغاز 9.3773 (Ex-Div) روپے سے بڑھ کر 10.0281 روپے ہو گئی، لہذا 21.64 فیصد بیچ مارک ریٹرن کے مقابلے 20.76 فیصد کار ریٹرن ظاہر کیا۔ فنڈ کی یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔

فنڈ کو مدت کے دوران 430.595 ملین روپے کی کل آمدنی ہوئی ہے۔ 17.765 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 412.830 ملین روپے ہے۔

درج ذیل چارٹ 30 جون 2023 کے مطابق NGSP-II کی ہر ایک ذیلی کلاسوں کی ایسٹ ایلوکیشن اور اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



### آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والی مدت کے دوران اوپننگ ex-NAV کا 6.57 فیصد (6.57 فیصد کی مساوی قیمت) کا عبوری نقد منافع منقسمہ منظور کیا ہے۔

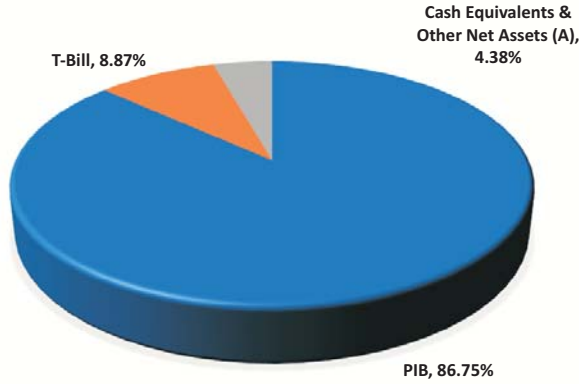
## III گورنمنٹ سیکورٹیز پلان-III

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP گورنمنٹ سیکورٹیز پلان-III (NGSP-III) کی پہلی سالانہ رپورٹ برائے نختہ سال 30 جون 2023ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### پلان کی کارکردگی

NBP گورنمنٹ سیکورٹیز پلان-II کا 27 مارچ 2023 کو آغاز کیا گیا اور 30 جون 2023 کو 1,650 ملین روپے پر بند ہوا۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت اپنے آغاز 9.4815 (Ex-Div) روپے سے بڑھ کر 10.0200 روپے ہو گئی، لہذا 21.87 فیصد بیچ مارک ریٹرن کے مقابلے 21.82 فیصد کار ریٹرن ظاہر کیا۔ فنڈ کی یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔

فنڈ کو مدت کے دوران 206.941 ملین روپے کی کل آمدنی ہوئی ہے۔ 8.702 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 198.239 ملین روپے ہے۔ درج ذیل چارٹ 30 جون 2023 کے مطابق NGSP-III کی ہر ایک ذیلی کلاسوں کی ایسٹ ایلوکیشن اور اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



### آمدنی کی تقسیم

مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والی مدت کے دوران اوپننگ ex-NAV کا 5.37 فیصد (5.37 فیصد کی مساوی قیمت) کا عبوری نقد منافع منقسمہ منظور کیا ہے۔

## IV گورنمنٹ سیکورٹیز پلان-IV

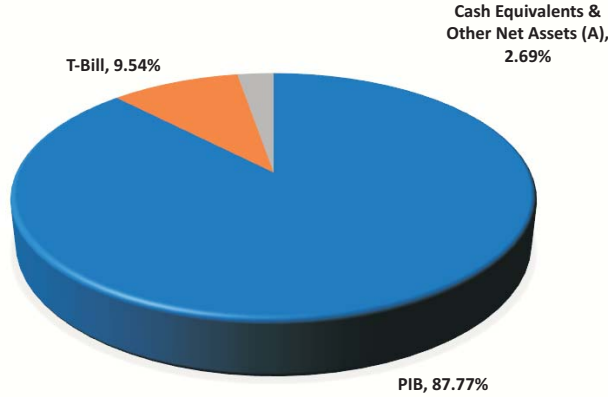
NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP گورنمنٹ سیکورٹیز پلان-IV (NGSP-IV) کی پہلی سالانہ رپورٹ برائے نختہ سال 30 جون 2023ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### پلان کی کارکردگی

NBP گورنمنٹ سیکورٹیز پلان-IV کا 10 مئی 2023 کو آغاز کیا گیا اور 30 جون 2023 کو 2,046 ملین روپے پر بند ہوا۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت اپنے آغاز 9.7508 (Ex-Div) روپے سے بڑھ کر 10.0255 روپے ہو گئی، لہذا 22.00 فیصد بیچ مارک ریٹرن کے مقابلے 20.16 فیصد کار ریٹرن ظاہر کیا۔ فنڈ کی یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔

فنڈ کو مدت کے دوران 59.168 ملین روپے کی کل آمدنی ہوئی ہے۔ 2.916 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 56.252 ملین روپے ہے۔

درج ذیل چارٹ 30 جون 2023 کے مطابق NGSP-IV کی ہر ایک ذیلی کلاسوں کی ایسٹ ایلوکیشن اور اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



## آمدنی کی تقسیم

ہیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والی مدت کے دوران اوپننگ ex-NAV کا 2.55 فیصد (2.55 فیصد کی مساوی قیمت) کا عبوری نقد منافع منقسمہ منظور کیا ہے۔

## NBP گورنمنٹ سیکورٹیز پلان-V

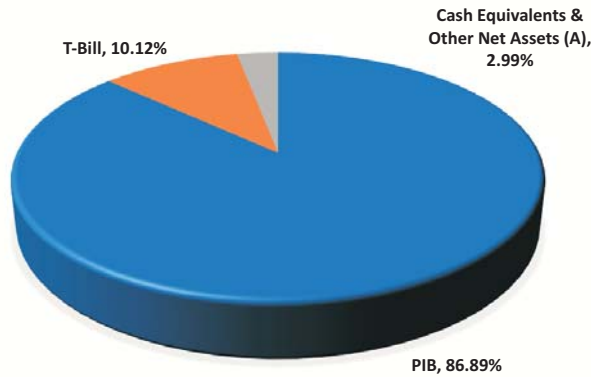
NBP فنڈ ہیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP گورنمنٹ سیکورٹیز پلان-V (NGSP-V) کی پہلی سالانہ رپورٹ برائے ختمہ سال 30 جون 2023ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

## پلان کی کارکردگی

NBP گورنمنٹ سیکورٹیز پلان-V کا 17 مئی 2023 کو آغاز کیا گیا اور 30 جون 2023 کو 19,768 ملین روپے پر بند ہوا۔ اس مدت کے دوران، فنڈ کے یونٹ کی قیمت اپنے آغاز 9.7799 (Ex-Div) روپے سے بڑھ کر 10.0182 روپے ہو گئی، لہذا 22.03 فیصد بیچ مارک ریٹرن کے مقابلے 20.22 فیصد کار ریٹرن ظاہر کیا۔ فنڈ کی یہ کارکردگی انتظامی فیس اور دیگر تمام اخراجات کے علاوہ خالص ہے۔

نقد کو مدت کے دوران 507.937 ملین روپے کی کل آمدنی ہوئی ہے۔ 30.885 ملین روپے کے اخراجات منہا کرنے کے بعد، خالص آمدنی 477.052 ملین روپے ہے۔

درج ذیل چارٹ 30 جون 2023 کے مطابق NGSP-V کی ہر ایک ذیلی کلاسوں کی ایسٹ ایلوکیشن اور اوسط کریڈٹ ریٹنگ کی نمائندگی کرتا ہے:



## آمدنی کی تقسیم

ہیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والی مدت کے دوران اوپننگ ex-NAV کا 2.24 فیصد (بنیادی قیمت کا 2.24 فیصد) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

## ٹیکسیشن

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

## آڈیٹرز

موجودہ آڈیٹرز میسرز یوسف عادل اینڈ کو، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2024 کو ختم ہونے والے سال کی دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

## لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی بیرونی میں ڈائریکٹرز اسٹیٹمنٹ

1. منجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل بیرونی کی گئی ہے۔ شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
4. ان مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی، معیاروں، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، کی بیرونی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 21 میں ظاہر کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پیٹرن مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، سی ای او، ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 18 میں ظاہر کی گئی ہے۔
13. کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریٹ نہیں رکھتی۔ زیر جائزہ مدت 30 جون 2023 کے دوران بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل رہا۔

نام	کے بیگاری
1. جناب خالد منصور	غیر جانبدار ڈائریکٹرز
2. جناب سعد امان اللہ خان	
3. جناب روبیل محمد	
4. جناب ہمایوں بشیر	
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹرز
1. شیخ محمد عبدالواحد سیٹھی (چیرمین)	نان ایگزیکٹو ڈائریکٹرز
2. جناب توقیر مظہر	
3. محترمہ مہنا ز سالار	
4. جناب علی سیگل	
5. جناب عمران ظفر	





## اظہار تشکر

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

بورڈ اپنے اسٹاف اور 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 آفیسر

تاریخ: 15 ستمبر 2023ء

مقام: کراچی

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NBP 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 year ended June 30, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 27, 2023

## FUND MANAGER REPORT

### NBP Government Securities Fund - I

### NBP Government Securities Plan-II

NBP Government Securities Plan-II (NGSP-II) is an Open-End Income Scheme.

### Investment Objective of the Fund

To provide investors with attractive returns, by investing primarily in Government Securities with maturity in line with the maturity of the respective plan.

### Benchmark

Average 6 Month PKRV Rates.

### Fund Performance Review

This is the 1st Annual report since the launch of the Fund on February 28, 2023. The Fund size stands at Rs. 6,119 million as of June 30, 2023. Since its inception, the Fund posted a return of 20.8% p.a. versus the benchmark return of 21.6% p.a. The return of the Fund is net of the management fee.

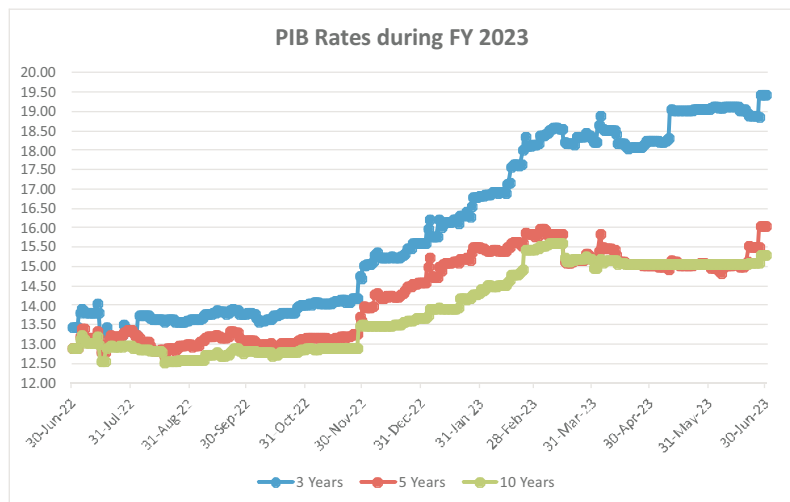
The Plan invests in Government Securities in line with the maturity of the plan, in order to deliver an attractive return to its unit holders at maturity. NGSP-II has an initial maturity of around 1.5 years.

During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively. Besides, SBP held thirteen (13) PIB auctions and realized Rs. 1.3 trillion, where the yields from June 2022 levels were increased by 6.02%, 3.15% and 2.40% for 3 years, 5 years and 10 years, respectively.

### Asset Allocation of Plan (% of NAV)

Particulars	30-Jun-23
PIBs	87.28%
T-Bills	1.60%
Cash and Other Assets	11.12%
<b>Total</b>	<b>100%</b>

PIB yields during the year are shown in the below graph:



### Distribution for the Financial Period 2023

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Mar-23	0.34%	10.0336	10.0000
Jun-23	4.73%	10.5160	10.0429
Jun-23	1.50%	10.1502	10.0000

### Unit Holding Pattern of NBP Government Securities Plan-II as on June 30, 2023

Size of Unit Holding (Units)	# of Unit Holders
500001-1000000	1
100000001 & above	1
<b>Total</b>	<b>2</b>

### During the period under question:

There has been no significant change in the state of affairs of the Fund. NBP Government Securities Plan-II does not have any soft commission arrangement with any broker in the industry.

### NBP Government Securities Plan-III

NBP Government Securities Plan-III (NGSP-III) is an Open-End Income Scheme.

### Investment Objective of the Fund

To provide investors with attractive returns, by investing primarily in Government Securities with maturity in line with the maturity of the respective plan.

### Benchmark

Average 6 Month PKRV Rates.

## Fund Performance Review

This is the 1st Annual report since the launch of the Fund on March 27, 2023. The Fund size stands at Rs. 1,650 million as of June 30, 2023. Since its inception, the Fund posted a return of 21.8% p.a. versus the benchmark return of 21.9% p.a. The return of the Fund is net of the management fee.

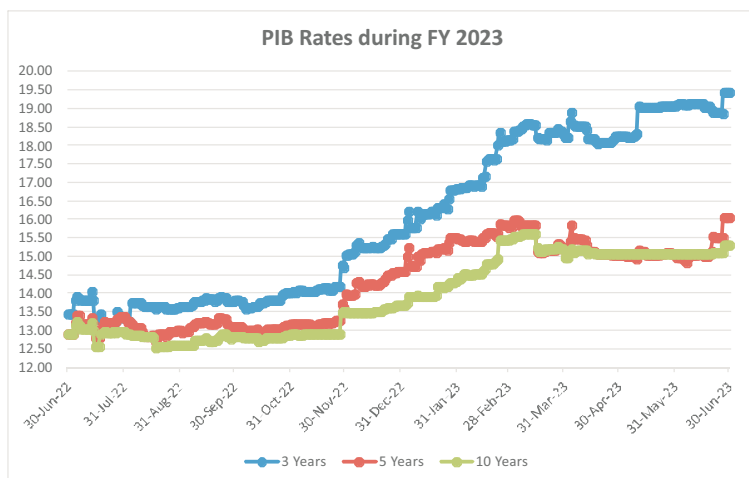
The Plan invests in Government Securities in line with the maturity of the plan, in order to deliver an attractive return to its unit holders at maturity. NGSP-III has an initial maturity of around 0.4 year.

During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively. Besides, SBP held thirteen (13) PIB auctions and realized Rs. 1.3 trillion, where the yields from June 2022 levels were increased by 6.02%, 3.15% and 2.40% for 3 years, 5 years and 10 years, respectively.

## Asset Allocation of Plan (% of NAV)

Particulars	30-Jun-23
PIBs	86.75%
T-Bills	8.87%
Cash and Other Assets	4.38%
<b>Total</b>	<b>100%</b>

PIB yields during the year are shown in the below graph:



## Distribution for the Financial Period 2023

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Mar-23	0.19%	10.0185	10.0000
May-23	2.78%	10.2781	10.0000
May-23	0.37%	10.0372	10.0000
Jun-23	1.14%	10.1142	10.0000
Jun-23	0.89%	10.0893	10.0000

## Unit Holding Pattern of NBP Government Securities Plan-IV as on June 30, 2023

Size of Unit Holding (Units)	# of Unit Holders
10000001-100000000	1
100000001 & above	1
<b>Total</b>	<b>2</b>

### During the period under question:

There has been no significant change in the state of affairs of the Fund. NBP Government Securities Plan-III does not have any soft commission arrangement with any broker in the industry.

### NBP Government Securities Plan-IV

NBP Government Securities Plan-IV (NGSP-IV) is an Open-End Income Scheme.

### Investment Objective of the Fund

To provide investors with attractive returns, by investing primarily in Government Securities with maturity in line with the maturity of the respective plan.

### Benchmark

Average 6 Month PKRV Rates

### Fund Performance Review

This is the 1st Annual report since the launch of the Fund on May 10, 2023. The Fund size stands at Rs. 2,046 million as of June 30, 2023. Since its inception, the Fund posted a return of 20.2% p.a. versus the benchmark return of 22.0% p.a. The return of the Fund is net of the management fee.

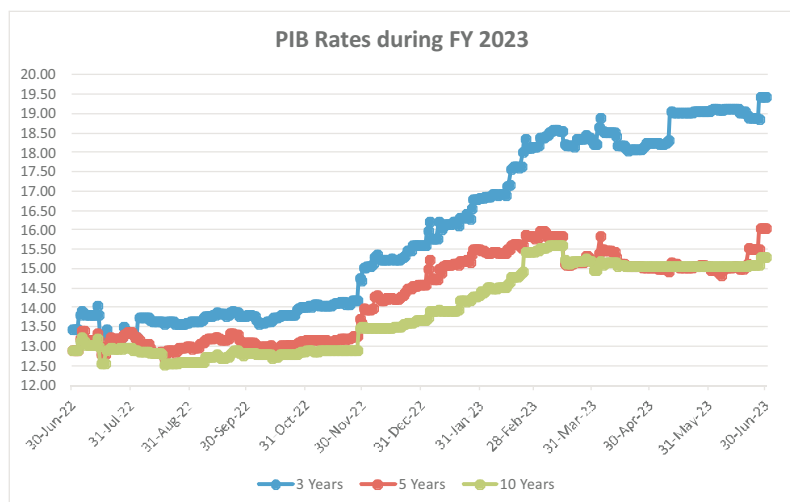
The Plan invests in Government Securities in line with the maturity of the plan, in order to deliver an attractive return to its unit holders at maturity. NGSP-IV has an initial maturity of around 0.3 year.

During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively. Besides, SBP held thirteen (13) PIB auctions and realized Rs. 1.3 trillion, where the yields from June 2022 levels were increased by 6.02%, 3.15% and 2.40% for 3 years, 5 years and 10 years, respectively.

## Asset Allocation of Plan (% of NAV)

Particulars	30-Jun-23
PIBs	87.77%
T-Bills	9.54%
Cash and Other Assets	2.69%
<b>Total</b>	<b>100%</b>

PIB yields during the year are shown in the below graph:



## Distribution for the Financial Period 2023

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
May-23	0.49%	10.0486	10.0000
Jun-23	2.06%	10.2060	10.0000

## Unit Holding Pattern of NBP Government Securities Plan-IV as on June 30, 2023

Size of Unit Holding (Units)	# of Unit Holders
100001-500000	2
100000001 & above	1
<b>Total</b>	<b>3</b>

## During the period under question

There has been no significant change in the state of affairs of the Fund. NBP Government Securities Plan-IV does not have any soft commission arrangement with any broker in the industry.

## NBP Government Securities Plan-V

NBP Government Securities Plan-V (NGSP-V) is an Open-End Income Scheme.

## Investment Objective of the Fund

To provide investors with attractive returns, by investing primarily in Government Securities with maturity in line with the maturity of the respective plan.

## Benchmark

Average 6 Month PKRV Rates

## Fund Performance Review

This is the 1st Annual report since the launch of the Fund on May 17, 2023. The Fund size stands at Rs. 19,768 million as of June 30, 2023. Since its inception, the Fund posted a return of 20.2% p.a. versus the benchmark return of 22.0% p.a. The return of the Fund is net of the management fee.

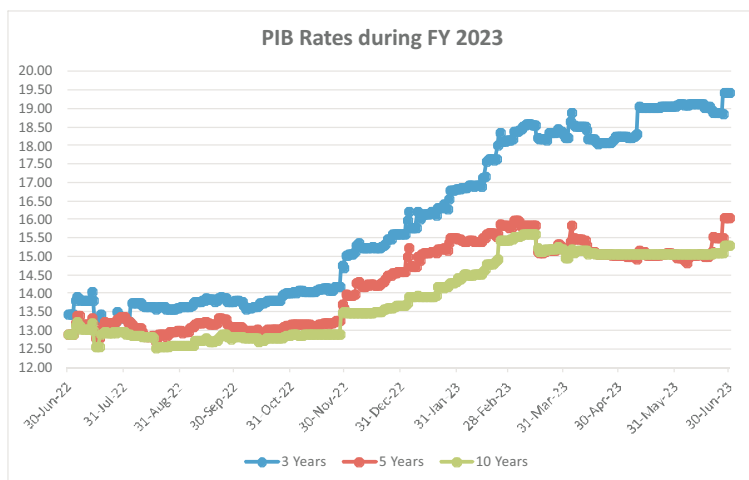
The Plan invests in Government Securities in line with the maturity of the plan, in order to deliver an attractive return to its unit holders at maturity. NGSP-V has an initial maturity of around 0.6 year.

During FY23, the State Bank's Monetary Policy Committee (MPC) conducted nine meetings and raised the policy rate by 825 basis points to 22% to anchor inflationary pressures, achieve price stability, ensure economic sustainability, and ease currency pressure, all while taking into account domestic uncertainty and continued stress on the external account. The monthly inflation reached a multi-decade high level of 38% in May 2023, and the outlook is subject to prevailing domestic uncertainty and external vulnerabilities, undermining medium- and short-term growth. Additionally, debt repayments amid lower fresh disbursements and weak investment inflows continue to exert pressure on FX reserves. The net liquid foreign exchange reserves with the State Bank of Pakistan (SBP) were recorded at USD 4.5 billion in June 2023, depleting by USD 5.3 billion during FY23, posing challenges and risks to financial stability and fiscal consolidation. Sovereign yields also responded to these policy actions and the rising inflation and interest rate outlook. Market participants' interest remained tilted towards shorter tenors due to political and economic uncertainty. SBP held twenty-seven (27) T-Bill auctions, realizing Rs. 25.1 trillion against a target of Rs. 24.4 trillion and maturity of Rs. 23.5 trillion. T-Bill yields increased by 767 bps, 772 bps, and 763 bps for 3 months, 6 months and 12 months, respectively. Besides, SBP held thirteen (13) PIB auctions and realized Rs. 1.3 trillion, where the yields from June 2022 levels were increased by 6.02%, 3.15% and 2.40% for 3 years, 5 years and 10 years, respectively.

## Asset Allocation of Plan (% of NAV)

Particulars	30-Jun-23
PIBs	86.89%
T-Bills	10.12%
Cash and Other Assets	2.99%
<b>Total</b>	<b>100%</b>

PIB yields during the year are shown in the below graph:



## Distribution for the Financial Period 2023

Interim Period	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
May-23	0.37%	10.0365	10.0000
Jun-23	1.88%	10.1879	10.0000



## Unit Holding Pattern of NBP Government Securities Plan-V as on June 30, 2023

Size of Unit Holding (Units)	# of Unit Holders
10001-50000	7
50001-100000	16
100001-500000	24
500001-1000000	11
1000001-5000000	17
5000001-10000000	5
10000001-100000000	8
<b>Total</b>	<b>88</b>

### During the period under question

There has been no significant change in the state of affairs of the Fund. NBP Government Securities Plan-V does not have any soft commission arrangement with any broker in the industry.

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the unit holders of NBP Government Securities Fund - I

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NBP Government Securities Fund - I (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement, the statement of comprehensive income, the statement of movement in unit holders' fund and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for opinion

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

#### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year.

This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment</b></p> <p>Investments held at fair value through profit or loss are disclosed in note 5 to the financial statements and represent a significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in Government Securities (treasury bills and Pakistan investment bonds) which are the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>Obtained an understanding of relevant controls placed by the Management Company applicable to the balance;</li> <li>Independently verified existence of investments from Investment Portfolio Services (IPS), and other relevant documents;</li> <li>Performed test of details on sale, purchase and maturity of investments on a sample basis by inspecting deal tickets, counterparty confirmation, and bank statements; and</li> <li>Tested valuation of investments by independently tracing rate to Pakistan revaluation rates (PKRV)</li> </ul>

## Information other than the financial statements and auditor's report thereon

Management Company is responsible for the other information. The other information comprises the information (Directors' Report, Fund Manager Report & Trustee Report to the Unit Holders) included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

## Responsibilities of Management Company and Those Charged with Governance for the financial statements

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may

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

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

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

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

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

#### **Report on other legal and regulatory requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Nadeem Yousuf Adil**.

**Yousuf Adil**

**Chartered Accountants**

Karachi

Date: September 21, 2023

UDIN: AR202310091vZl36gbra

## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2023

		2023					
		NGSP - II	NGSP - III	NGSP - IV	NGSP - V	Total	
Note		(Rupees in '000)					
<b>Assets</b>							
	Bank balances	4	624,226	50,108	24,534	37,704	736,572
	Investments	5	5,438,203	1,577,961	1,990,886	19,176,687	28,183,737
	Profit receivable	7	78,187	32,113	39,098	951,032	1,100,430
	<b>Total assets</b>		<b>6,140,616</b>	<b>1,660,182</b>	<b>2,054,518</b>	<b>20,165,423</b>	<b>30,020,739</b>
<b>Liabilities</b>							
	Payable to NBP Fund Management Limited - Management Company	8	7,161	3,668	1,647	25,167	37,643
	Payable to Central Depository Company of Pakistan Limited - Trustee	9	314	107	175	1,018	1,614
	Payable to Securities and Exchange Commission of Pakistan	10	411	191	57	478	1,137
	Dividend payable		-	-	-	315,595	315,595
	Accrued expenses and other liabilities	11	13,929	6,092	6,664	55,024	81,709
	<b>Total liabilities</b>		<b>21,815</b>	<b>10,058</b>	<b>8,543</b>	<b>397,282</b>	<b>437,698</b>
	<b>Net assets</b>		<b>6,118,801</b>	<b>1,650,124</b>	<b>2,045,975</b>	<b>19,768,141</b>	<b>29,583,041</b>
	<b>Unitholders' fund (as per statement attached)</b>		<b>6,118,801</b>	<b>1,650,124</b>	<b>2,045,975</b>	<b>19,768,141</b>	<b>29,583,041</b>
	<b>Contingencies and commitments</b>	12	-	-	-	-	-
(Number of units)							
	<b>Number of units in issue</b>	13	<b>610,168,294</b>	<b>164,683,192</b>	<b>204,076,592</b>	<b>1,973,230,650</b>	
(Rupees)							
	<b>Net assets value per unit</b>		<b>10.0281</b>	<b>10.0200</b>	<b>10.0255</b>	<b>10.0182</b>	

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## INCOME STATEMENT

FOR THE PERIOD FROM FEBRUARY 28, 2023 TO JUNE 30, 2023

	For the Period from				Total	
	Feb 28 2023	March 27 2023	May 10 2023	May 17 2023		
	to June 30 2023	to June 30 2023	to June 30 2023	to June 30 2023		
	NGSP - II	NGSP - III	NGSP - IV	NGSP - V		
<b>Note</b>	(Rupees in '000)					
<b>Income</b>						
(Loss) on sale of investments at fair value through profit or loss (FVTPL) - net	-	(3,200)	(979)	-	(4,179)	
Profit on bank deposits	51,995	19,997	2,960	9,212	84,164	
Income From Pakistan Investment bonds	371,915	180,791	51,260	460,743	1,064,709	
Income From Market treasury bills	20,165	11,874	9,084	51,735	92,858	
Income From contingent load	-	121	-	-	121	
Net unrealised (diminution) on re-measurement of investments at FVTPL	6	(13,480)	(3,157)	(13,753)	(33,032)	
<b>Total income</b>	<b>430,595</b>	<b>206,941</b>	<b>59,168</b>	<b>507,937</b>	<b>1,204,641</b>	
<b>Expenses</b>						
Remuneration to NBP Fund Management Limited - Management Company	8.1	9,195	4,137	1,191	10,394	24,917
Sindh Sales Tax on remuneration to Management Company	8.2	1,195	538	155	1,351	3,239
Remuneration to Central Depository Company of Pakistan Limited - Trustee	9.1	1,131	525	156	1,313	3,125
Sindh Sales Tax on remuneration to Trustee	9.2	147	68	20	171	406
Reimbursement of Selling and marketing expenses	8.3	2,612	1,432	391	13,133	17,568
Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4	2,711	1,432	424	3,582	8,149
Annual fee - Securities and Exchange Commission of Pakistan	10	411	191	57	478	1,137
Securities transaction cost		8	86	29	267	390
Settlement and bank charges		33	30	46	15	124
Auditors' remuneration	14	180	170	316	101	767
Annual listing fee		6	6	6	6	24
Legal and professional charges		111	72	85	60	328
Printing charges		25	15	40	14	94
<b>Total expenses</b>		<b>17,765</b>	<b>8,702</b>	<b>2,916</b>	<b>30,885</b>	<b>60,268</b>
<b>Net income for the period before taxation</b>		<b>412,830</b>	<b>198,239</b>	<b>56,252</b>	<b>477,052</b>	<b>1,144,373</b>
Taxation	15	-	-	-	-	-
<b>Net income for the Period</b>		<b>412,830</b>	<b>198,239</b>	<b>56,252</b>	<b>477,052</b>	<b>1,144,373</b>
<b>Allocation of net income for the Period</b>						
Net income for the period after taxation		412,830	198,239	56,252	477,052	1,144,373
Income already paid on units redeemed		-	(1,090)	-	(22)	(1,112)
		<b>412,830</b>	<b>197,149</b>	<b>56,252</b>	<b>477,030</b>	<b>1,143,261</b>
<b>Accounting income available for distribution:</b>						
- Relating to capital gain		-	-	-	-	-
- Excluding capital gain		412,830	197,149	56,252	477,030	1,143,261
		<b>412,830</b>	<b>197,149</b>	<b>56,252</b>	<b>477,030</b>	<b>1,143,261</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM FEBRUARY 28, 2023 TO JUNE 30, 2023

	For the Period from				Total
	Feb 28 2023 to June 30 2023	March 27 2023 to June 30 2023	May 10 2023 to June 30 2023	May 17 2023 to June 30 2023	
	NGSP - II	NGSP - III	NGSP - IV	NGSP - V	
	(Rupees in '000)				
Net income for the Period	412,830	198,239	56,252	477,052	1,144,373
Other comprehensive income for the Period	-	-	-	-	-
<b>Total comprehensive income for the Period</b>	<b>412,830</b>	<b>198,239</b>	<b>56,252</b>	<b>477,052</b>	<b>1,144,373</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE PERIOD FROM FEBRUARY 28, 2023 TO JUNE 30, 2023

	For the Period from														
	Feb 28 2023 to June 30 2023			March 27 2023 to June 30 2023			May 10 2023 to June 30 2023			May 17 2023 to June 30 2023			Total		
	NGSP - II		NGSP - III		NGSP - IV		NGSP - V								
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees in 000)															
Net assets at the beginning of the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of units:															
NGSP-II: 610,168,294 / NGSP-III: 464,562,243 units /															
NGSP-IV: 204,076,592 units / NGSP-V: 1,976,741,686 units															
- Capital value (at ex net asset value per unit)	6,101,683	-	6,101,683	4,645,622	-	4,645,622	2,040,766	-	2,040,766	19,767,417	-	19,767,417	32,555,488	-	32,555,488
- Element of income	47	-	47	1,124	-	1,124	20	-	20	692	-	692	1,883	-	1,883
Total proceeds on issuance of units	6,101,730	-	6,101,730	4,646,746	-	4,646,746	2,040,786	-	2,040,786	19,768,109	-	19,768,109	32,557,371	-	32,557,371
Redemption of units:															
NGSP-II: nil units / NGSP-III: 299,879,051 units /															
NGSP-IV: 204,076,592 units / NGSP-V: 3,511,036 units															
- Capital value (at ex net asset value per unit)	-	-	-	(2,998,791)	-	(2,998,791)	-	-	-	(35,110)	-	(35,110)	(3,033,901)	-	(3,033,901)
- Element of income / (loss)	-	-	-	(119)	(1,090)	(1,209)	-	-	-	(22)	(22)	(35,132)	(119)	(1,112)	(1,231)
Total payments on redemption of units	-	-	-	(2,998,910)	(1,090)	(3,000,000)	-	-	-	(35,110)	(22)	(35,132)	(3,034,020)	(1,112)	(3,035,132)
Distribution for the year ended June 30, 2023															
(Date of Distribution 7-March-23) : NGSP-II Nil per unit/ NGSP-III Nil Per Unit / NGSP-IV Nil per Unit/ NGSP-V Nil per Unit	-	(20,243)	(20,243)	-	-	-	-	-	-	-	-	-	-	(20,243)	(20,243)
Distribution for the year ended June 30, 2023															
(Date of Distribution 30-March-23) : NGSP-II Nil per unit/ NGSP-III 0.0185 Per Unit / NGSP-IV Nil per Unit/ NGSP-V Nil per Unit	-	-	-	(1,108)	(7,421)	(8,529)	-	-	-	-	-	-	(1,108)	(7,421)	(8,529)
Distribution for the year ended June 30, 2023															
(Date of Distribution 19-May-23) : NGSP-II Nil per unit/ NGSP-III 0.2781 Per Unit / NGSP-IV 0.0486 per Unit/ NGSP-V Nil per Unit	-	-	-	-	(128,235)	(128,235)	-	(9,747)	(9,747)	-	-	-	-	(137,982)	(137,982)
Distribution for the year ended June 30, 2023															
(Date of Distribution 25-May-23) : NGSP-II Nil per unit/ NGSP-III Nil Per Unit / NGSP-IV Nil per Unit/ NGSP-V 0.0365 per Unit	-	-	-	-	-	-	-	-	-	(107)	(71,022)	(71,129)	(107)	(71,022)	(71,129)
Distribution for the year ended June 30, 2023															
(Date of Distribution 26-May-23) : NGSP-II Nil per unit/ NGSP-III 0.0372 Per Unit / NGSP-IV Nil per Unit/ NGSP-V Nil per Unit	-	-	-	(7)	(13,481)	(13,488)	-	-	-	-	-	-	(7)	(13,481)	(13,488)
Distribution for the year ended June 30, 2023															
(Date of Distribution 8-June-23) : NGSP-II 0.4731 per unit/ NGSP-III Nil Per Unit NGSP-IV Nil per Unit/ NGSP-V Nil per Unit	-	(285,024)	(285,024)	-	-	-	-	-	-	-	-	-	-	(285,024)	(285,024)
Distribution for the year ended June 30, 2023															
(Date of Distribution 14-June-23) : NGSP-II Nil per unit/ NGSP-III 0.1142 Per Unit NGSP-IV Nil per Unit/ NGSP-V Nil per Unit	-	-	-	(1)	(30,011)	(30,012)	-	-	-	-	-	-	(1)	(30,011)	(30,012)
Distribution for the year ended June 30, 2023															
(Date of Distribution 26-June-23) : NGSP-II 0.1502 per unit/ NGSP-III Nil Per Unit NGSP-IV 0.2060 per Unit/ NGSP-V Nil Per Unit	-	(90,492)	(90,492)	-	-	-	-	(41,316)	(41,316)	-	-	-	-	(131,808)	(131,808)
Distribution for the year ended June 30, 2023															
(Date of Distribution 27-June-23) : NGSP-II Nil per unit/ NGSP-III 0.0893 Per Unit NGSP-IV Nil per Unit/ NGSP-V 0.1879 Per Unit	-	-	-	(3)	(14,594)	(14,597)	-	-	-	(585)	(370,174)	(370,759)	(588)	(384,768)	(385,356)
Total comprehensive income for the Period	-	412,830	412,830	-	198,239	198,239	-	56,252	56,252	-	477,052	477,052	-	1,144,373	1,144,373
Net Asset at the end of period	6,101,730	17,071	6,118,801	1,646,717	3,407	1,650,124	2,040,786	5,189	2,045,975	19,732,307	35,834	19,768,141	29,521,540	81,501	29,583,041
Undistributed income / (loss) brought forward															
- Realised loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Unrealised income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounting income available for distribution															
- Relating to capital gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Excluding capital gains	412,830	-	412,830	197,149	-	197,149	56,252	-	56,252	477,030	-	477,030	-	-	-
Total distribution during the period	(385,759)	-	(385,759)	(193,742)	-	(193,742)	(51,063)	-	(51,063)	(441,196)	-	(441,196)	-	-	-
Undistributed income carried forward	17,071	-	17,071	3,407	-	3,407	5,189	-	5,189	35,834	-	35,834	-	-	-
Undistributed income carried forward															
- Realised income	30,551	-	30,551	6,049	-	6,049	8,346	-	8,346	49,587	-	49,587	-	-	-
- Unrealised loss	(13,480)	-	(13,480)	(2,642)	-	(2,642)	(3,157)	-	(3,157)	(13,753)	-	(13,753)	-	-	-
	17,071	-	17,071	3,407	-	3,407	5,189	-	5,189	35,834	-	35,834	-	-	-
Net asset value per unit at the beginning of the Period	Rupees			Rupees			Rupees			Rupees					
	-			-			-			-					
Net asset value per unit at the end of the Period	<u>10.0281</u>			<u>10.0290</u>			<u>10.0255</u>			<u>10.0182</u>					

The annexed notes 1 to 28 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



## CASH FLOW STATEMENT

FOR THE PERIOD FROM FEBRUARY 28, 2023 TO JUNE 30, 2023

Note	For the Period from				Total
	Feb 28, 2023 to June 30, 2023	March 27, 2023 to June 30, 2023	May 10, 2023 to June 30, 2023	May 17, 2023 to June 30, 2023	
	NGSP - II	NGSP - III	NGSP - IV	NGSP - V	
----- (Rupees in '000) -----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income for the Period	412,830	198,239	56,252	477,052	1,144,373
<b>Adjustments for non-cash items:</b>					
Net unrealised (diminution) on of investments at FVTPL	6 (13,480)	(2,642)	(3,157)	(13,753)	(33,032)
	399,350	195,597	53,095	463,299	1,111,341
<b>(Increase) in assets</b>					
Investments	(5,424,723)	(1,575,319)	(1,987,729)	(19,162,934)	(28,150,705)
Profit receivable	(78,187)	(32,113)	(39,098)	(951,032)	(1,100,430)
	(5,502,910)	(1,607,432)	(2,026,827)	(20,113,966)	(29,251,135)
<b>Increase in liabilities</b>					
Payable to NBP Fund Management Limited - Management Company	7,161	3,668	1,647	25,167	37,643
Payable to Central Depository Company of Pakistan Limited - Trustee	314	107	175	1,018	1,614
Payable to Securities and Exchange Commission of Pakistan	411	191	57	478	1,137
Accrued expenses and other liabilities	13,929	6,092	6,664	370,619	397,304
	21,815	10,058	8,543	397,282	437,698
<b>Net cash (used in) operating activities</b>	<b>(5,081,745)</b>	<b>(1,401,777)</b>	<b>(1,965,189)</b>	<b>(19,253,385)</b>	<b>(27,702,096)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Amount received against issuance of units	6,101,730	4,645,627	2,040,786	19,767,417	32,555,560
Amount paid on redemption of units	-	(3,000,000)	-	(35,132)	(3,035,132)
Dividend paid	(395,759)	(193,742)	(51,063)	(441,196)	(1,081,760)
<b>Net cash generated from financing activities</b>	<b>5,705,971</b>	<b>1,451,885</b>	<b>1,989,723</b>	<b>19,291,089</b>	<b>28,438,668</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>624,226</b>	<b>50,108</b>	<b>24,534</b>	<b>37,704</b>	<b>736,572</b>
Cash and cash equivalents at beginning of the Period	-	-	-	-	-
<b>Cash and cash equivalents at end of the Period</b>	<b>624,226</b>	<b>50,108</b>	<b>24,534</b>	<b>37,704</b>	<b>736,572</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 28, 2023 TO JUNE 30, 2023

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The 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 Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 05 December 2018 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 Mutual Fund Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund classified as an "Income scheme" by the Management Company as per the criteria for categorization of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters and is listed on the Pakistan Stock Exchange. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The core objective of the Fund is to provide investors with attractive returns, by investing primarily in Government Securities with maturity in line with the maturity of the respective plan. The fund currently has four allocation plans, namely NGSP-II, NGSP-III, NGSP-IV, and NGSP-V. The allocation plans launched have a set timeline.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' to the Management Company and The Fund has not yet been rated.
- 1.6 Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

- 2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
  - provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
  - the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies, Notified Entities Regulations, 2008, (the NBFC Regulations) and requirements of the Trust Deed.
- 2.1.2 The SECP vide SRO 800 (I)/2021 dated June 22, 2021 modified the effective date for applicability of International Financial Reporting Standard 9 - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period / year ending on or after June 30, 2022 (earlier application permitted)". However, as permitted the Fund had already applied the IFRS-9 during the period ended June 30, 2019 with the exception of below mentioned impairment requirements as refer in note 2.1.3 of these financial statements.
- 2.1.3 The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

## 2.2 Accounting convention

These financial statements are prepared under the historical cost convention except for investments which are carried at fair value.

## 2.3 Functional and presentation currency

These 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.

## 2.4 Use of judgments and estimates

In preparing these 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 financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the subsequent year is included in the following notes:

- (a) Valuation of investment (Note 3.1.3 & 5);
- (b) Provisions (Note 3.2); and
- (c) Classification and Impairment of financial assets (Note 3.1.2 and 3.1.7).

## 2.5 ADOPTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS:

### **New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023**

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

### **New accounting standards / amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the fund's financial statements other than certain additional disclosures.

**Effective from accounting periods beginning on or after:**

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 9 'Financial instruments' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
<ul style="list-style-type: none"> <li>- IFRS 1 – First Time Adoption of International Financial Reporting Standards</li> <li>- IFRS 17 – Insurance Contracts</li> </ul>	

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These policies have been consistently applied to all the periods presented in the financial statements.

#### 3.1 Financial instruments

The Fund applied IFRS 9 (refer note 2.1.2) except for impairment requirements for which the Fund has continued to follow the requirements of SECP (refer note 2.1.3).

##### 3.1.1 Recognition and initial measurement

The Fund initially recognises regular-way transactions in financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

##### 3.1.2 Classification - Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## **Business model assessment**

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Fund has determined that it has two business models.

- **Held-to-collect business model:** This includes cash and cash equivalents and receivables, if any. These financial assets are held to collect contractual cash flow.
- **Other business model:** This includes equity and government securities securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

## Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

## Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

### 3.1.3 Subsequent measurement - Financial assets

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit on bank deposits, mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

#### a) Government securities

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

### 3.1.4 Financial liabilities – Classification, subsequent measurement and gains and losses

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognised in income statement.

Financial liabilities are initially classified as measured at amortised cost and also subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income statement. Any gain or loss on derecognition is also recognised in income statement.

### 3.1.5 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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market prices 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.

### 3.1.6 Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

### 3.1.7 Impairment of financial assets

The Fund at each reporting date evaluates whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

The SECP through its letter SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and has instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

### 3.1.8 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in income statement.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in income statement.

The Fund derecognises a derivative only when it meets the derecognition criteria for both financial assets and financial liabilities. Where the payment or receipt of variation margin represents settlement of a derivative, the derivative, or the settled portion, is derecognised.

### 3.1.9 Offsetting of financial assets and financial liabilities

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

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

### 3.1.10 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

## 3.1.11 Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

## 3.2 Provisions

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

## 3.3 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 ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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

## 3.4 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load if applicable, is payable to the investment facilitators and the Management Company / distributors.

Units redeemed are recorded at the redemption price, applicable to units for which the Management Company/ distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

## 3.5 Element of income

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.



### 3.6 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.

### 3.7 Net assets value per unit

The net assets value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.8 Income recognition

- Realised gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as Financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised using the effective yield method.
- Dividend income on equity securities is recognised when the right to receive the dividend is established. For quoted equity securities, this is usually the ex-dividend date.

### 3.9 Distribution

Distributions declared are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

		2023					
		NGSP - II	NGSP - III	NGSP - IV	NGSP - V	Total	
<b>4</b>	<b>BANK BALANCES</b>	Note ----- (Rupees in '000) -----					
	In savings accounts	4.1	624,226	50,108	24,534	37,704	736,572

4.1 These accounts carry profit at rates ranging from 19.5% to 21.6% per annum.

		2023					
		NGSP - II	NGSP - III	NGSP - IV	NGSP - V	Total	
<b>5</b>	<b>INVESTMENTS</b>	Note ----- (Rupees in '000) -----					
<b>At fair value through profit or loss</b>							
	Pakistan Investment Bonds	5.1	5,340,600	1,431,556	1,795,680	17,175,825	25,743,661
	Market Treasury Bills	5.2	97,603	146,405	195,206	2,000,862	2,440,076
			5,438,203	1,577,961	1,990,886	19,176,687	28,183,737

## 5.1 Government securities - Pakistan Investment Bonds

### NBP Government Securities Plan - II

Issue Date	Note	Tenure	Face value				Market value as at June 30, 2023	Market value as a percentage of net assets of sub-fund	Market value as a percentage of total investments of sub-fund
			As at July 01, 2022	Purchases during the period	Sales / matured during the period	As at June 30, 2023			
			(Rupees in '000)					(%)	
September 8, 2022		2 years	-	5,400,000	-	5,400,000	5,340,600	87.28	98.21
Carrying value before fair value adjustment as at June 30, 2023							<u>5,353,977</u>		

### NBP Government Securities Plan - III

Issue Date	Note	Tenure	Face value				Market value as at June 30, 2023	Market value as a percentage of net assets of sub-fund	Market value as a percentage of total investments of sub-fund
			As at July 01, 2022	Purchases during the period	Sales / matured during the period	As at June 30, 2023			
			(Rupees in '000)					(%)	
August 26, 2021		2 years	-	4,385,000	2,950,000	1,435,000	1,431,556	86.75	90.72
Carrying value before fair value adjustment as at June 30, 2023							<u>1,434,044</u>		

### NBP Government Securities Plan - IV

Issue Date	Note	Tenure	Face value				Market value as at June 30, 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2022	Purchases during the period	Sales / matured during the period	As at June 30, 2023			
			(Rupees in '000)					(%)	
August 26, 2021		2 years	-	3,525,000	1,725,000	1,800,000	1,795,680	87.77	90.20
Carrying value before fair value adjustment as at June 30, 2023							<u>1,798,631</u>		

### NBP Government Securities Plan - V

Issue Date	Note	Tenure	Face value				Market value as at June 30, 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
			As at July 01, 2022	Purchases during the period	Sales / matured during the period	As at June 30, 2023			
			(Rupees in '000)					(%)	
December 30, 2021		2 years	-	17,250,000	-	17,250,000	17,175,825	86.89	89.57
Carrying value before fair value adjustment as at June 30, 2023							<u>17,187,471</u>		

5.2 These Pakistan Investment Bonds carry yield ranging from 20.12% to 23.09% per annum.

## 5.2 Market Treasury Bills

### NBP Government Securities Plan - II

Issue date	Tenure	Face Value				Market value / Carrying value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2022	Purchases during the period	Sales / matured during the period	As at 30 June 2023			
		----- (Rupees in '000) -----				----- (%) -----		
06 April 2023	3 Months	-	600,000	600,000	-	-	0.00	0.00
18 May 2023	3 Months	-	100,000	-	100,000	97,603	1.60	1.79
<b>Total</b>		<b>-</b>	<b>700,000</b>	<b>600,000</b>	<b>100,000</b>	<b>97,603</b>	<b>1.60</b>	<b>1.79</b>
<b>Carrying value before fair value adjustment as at June 30, 2023</b>						<b>97,706</b>		

### NBP Government Securities Plan - III

Issue date	Tenure	Face Value				Market value / Carrying value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2022	Purchases during the period	Sales / matured during the period	As at 30 June 2023			
		----- (Rupees in '000) -----				----- (%) -----		
06 April 2023	3 Months	-	400,000	400,000	-	-	0.00	0.00
18 May 2023	3 Months	-	150,000	-	150,000	146,405	8.87	9.28
<b>Total</b>		<b>-</b>	<b>550,000</b>	<b>400,000</b>	<b>150,000</b>	<b>146,405</b>	<b>8.87</b>	<b>9.28</b>
<b>Carrying value before fair value adjustment as at June 30, 2023</b>						<b>146,559</b>		

### NBP Government Securities Plan - IV

Issue date	Tenure	Face Value				Market value / Carrying value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2022	Purchases during the period	Sales / matured during the period	As at 30 June 2023			
		----- (Rupees in '000) -----				----- (%) -----		
06 April 2023	3 Months	-	1,750,000	1,750,000	-	-	0.00	0.00
18 May 2023	3 Months	-	200,000	-	200,000	195,206	9.54	9.80
<b>Total</b>		<b>-</b>	<b>1,950,000</b>	<b>1,750,000</b>	<b>200,000</b>	<b>195,206</b>	<b>9.54</b>	<b>9.80</b>
<b>Carrying value before fair value adjustment as at June 30, 2023</b>						<b>195,412</b>		

### NBP Government Securities Plan - V

Issue date	Tenure	Face Value				Market value / Carrying value as at 30 June 2023	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at 01 July 2022	Purchases during the period	Sales / matured during the period	As at 30 June 2023			
		----- (Rupees in '000) -----				----- (%) -----		
18 May 2023	3 Months	-	2,050,000	-	2,050,000	2,000,862	10.12	10.43
<b>Total</b>		<b>-</b>	<b>2,050,000</b>	<b>-</b>	<b>2,050,000</b>	<b>2,000,862</b>	<b>10.12</b>	<b>10.43</b>
<b>Carrying value before fair value adjustment as at June 30, 2023</b>						<b>2,002,969</b>		

These Market Treasury Bills carry yield ranging from 21.43% to 21.99% per annum.

		2023					
		NGSP - II	NGSP - III	NGSP - IV	NGSP - V	Total	
<b>6</b>	<b>Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>	Note ----- (Rupees in '000) -----					
	Market value of investments	5,438,203	1,577,961	1,990,886	19,176,687	28,183,737	
	Less: carrying value of investments	(5,451,683)	(1,580,603)	(1,994,043)	(19,190,440)	(28,216,769)	
		<u>(13,480)</u>	<u>(2,642)</u>	<u>(3,157)</u>	<u>(13,753)</u>	<u>(33,032)</u>	
<b>7</b>	<b>PROFIT RECEIVABLE</b>						
	Profit receivable on savings accounts	3,994	1,250	385	2,288	7,917	
	Profit receivable on government securities	74,193	30,863	38,713	948,744	1,092,513	
		<u>78,187</u>	<u>32,113</u>	<u>39,098</u>	<u>951,032</u>	<u>1,100,430</u>	
<b>8</b>	<b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>						
	Management remuneration	8.1	2,236	828	735	7,364	11,163
	Sindh Sales Tax on management remuneration	8.2	291	108	97	957	1,453
	Sales load Payable		-	-	-	116	116
	Sales Tax Payable on Sales Load		-	-	-	15	15
	Other Payable to Management company		10	10	-	-	20
	Reimbursement of Selling and marketing expenses	8.3	2,312	1,361	391	13,133	17,197
	Reimbursement of Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4	2,312	1,361	424	3,582	7,679
			<u>7,161</u>	<u>3,668</u>	<u>1,647</u>	<u>25,167</u>	<u>37,643</u>

**8.1** 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 as follows:

The management company has charged its remuneration for Plan NGSP-II, III, IV and V at the rate of 2% per annum of the Gross earning subject to Minimum 0.15% of Average Net Asset during the period ended June 30, 2023.

The remuneration is payable to the Management Company monthly in arrears.

**8.2** 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 year, Sindh Sales Tax at the rate of 13% was charged on management remuneration and sales load.

**8.3** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at the following rates of the average annual net assets of the Fund during the year:

NGSP II, III and IV  
NGSP V

0.15%	per annum
0.55%	

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

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

NGSP II, III, IV and V

0.15%	per annum
-------	-----------

		2023				
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE	NGSP - II	NGSP - III	NGSP - IV	NGSP - V	Total
	Note	----- (Rupees in '000) -----				
	Trustee remuneration	278	95	156	901	1,430
	Sindh Sales Tax on Trustee remuneration	36	12	19	117	184
		<b>314</b>	<b>107</b>	<b>175</b>	<b>1,018</b>	<b>1,614</b>

- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund as stated below under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund:

**Description Tariff per annum**

0.055% Per annum of net assets

The remuneration is paid to the Trustee monthly in arrears.

- 9.2 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 year, Sindh Sales Tax at the rate of 13% was charged on trustee remuneration.

**10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Under the provisions of the NBFC Regulations, a collective scheme categorized as an income scheme is required to pay an annual fee to SECP at an amount equal to 0.02 percent per annum of the average net assets of the Fund. The fee is paid annually in arrears.

		2023				
11	ACCRUED EXPENSES AND OTHER LIABILITIES	NGSP - II	NGSP - III	NGSP - IV	NGSP - V	Total
		----- (Rupees in '000) -----				
	Brokerage fee	8	85	-	202	295
	Auditors' remuneration Payable	180	170	316	101	767
	Withholding tax	13,582	5,646	6,186	54,655	80,069
	Printing charges	22	12	40	-	74
	Capital gain tax	-	87	-	-	87
	Bank charges	20	14	31	-	65
	Legal And Professional charges	111	72	85	60	328
	Annual Listing Fee	6	6	6	6	24
		<b>13,929</b>	<b>6,092</b>	<b>6,664</b>	<b>55,024</b>	<b>81,709</b>

## 12 Contingencies and commitments

There is no contingencies and commitments outstanding as at 30 June 2023.

		2023				
		NGSP - II	NGSP - III	NGSP - IV	NGSP - V	Total
<b>13</b>	<b>NUMBER OF UNITS IN ISSUE</b>	(Number of units)				
	Total units in issue at beginning of the year	-	-	-	-	-
	Add: units issued against					
	- Sale	610,168,294	464,562,243	204,076,592	1,976,741,686	3,255,548,816
	<b>Total</b>	610,168,294	464,562,243	204,076,592	1,976,741,686	3,255,548,816
	Less: Units redeemed	-	(299,879,051)	-	(3,511,036)	(303,390,087)
	Total units in issue at end of the period	610,168,294	164,683,192	204,076,592	1,973,230,650	2,952,158,729

		2023				
		NGSP - II	NGSP - III	NGSP - IV	NGSP - V	Total
<b>14</b>	<b>AUDITORS' REMUNERATION</b>	(Rupees in '000)				
	Statutory audit fee	150	150	150	100	550
	Out of pocket expenses and others including government levy	30	20	166	1	217
	<b>Total</b>	180	170	316	101	767

## 15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units as the case may be shall not be taken into account. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the fund for the year ended June 30, 2023 to the unit holders in the manner as explained above. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2023.

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.

## 16 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses, including government levies, incurred during the year divided by average net asset value for the year) NGSP II, NGSP III, NGSP IV NGSP V is 0.86%, 0.92%, 1.03%, 1.29% per annum. Total expense ratio (excluding government levies) is 0.78%, 0.83, 0.95 and 1.21 per annum.

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

### 17.1 NBP Government Securities Plan -II

As at 30 June 2023

	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000)		
<b>Assets</b>			
Bank balances	-	624,226	624,226
Investments	5,438,203	-	5,438,203
Profit receivable	-	78,187	78,187
	<u>5,438,203</u>	<u>702,413</u>	<u>6,140,616</u>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	-	7,161	7,161
Payable to Central Depository Company of Pakistan Limited - Trustee	-	314	314
Accrued expenses and other liabilities	-	13,929	13,929
Net assets attributable to unitholder	-	6,118,801	6,118,801
	<u>-</u>	<u>6,140,205</u>	<u>6,140,205</u>

### 17.2 NBP Government Securities Plan -III

<b>Assets</b>			
Bank balances	-	50,108	50,108
Investments	1,577,961	-	1,577,961
Profit receivable	-	32,113	32,113
	<u>20,290,143</u>	<u>82,221</u>	<u>1,660,182</u>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	-	3,668	3,668
Payable to Central Depository Company of Pakistan Limited - Trustee	-	107	107
Accrued expenses and other liabilities	-	6,092	6,092
Net assets attributable to unitholder	-	1,650,124	1,650,124
	<u>-</u>	<u>1,659,991</u>	<u>1,659,991</u>

### 17.3 NBP Government Securities Plan -IV

<b>Assets</b>			
Bank balances	-	24,534	24,534
Investments	1,990,886	-	1,990,886
Profit receivable	-	39,098	39,098
	<u>1,990,886</u>	<u>63,632</u>	<u>2,054,518</u>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	-	1,647	1,647
Payable to Central Depository Company of Pakistan Limited - Trustee	-	175	175
Accrued expenses and other liabilities	-	6,664	6,664
Net assets attributable to unitholder	-	2,045,975	2,045,975
	<u>-</u>	<u>2,054,461</u>	<u>2,054,461</u>

## 17.4 NBP Government Securities Plan -V

	As at 30 June 2023		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees in '000) -----		
<b>Assets</b>			
Bank balances	-	37,704	37,704
Investments	19,176,687	-	19,176,687
Profit receivable	-	951,032	951,032
	<b>19,176,687</b>	<b>988,736</b>	<b>20,165,423</b>
<b>Liabilities</b>			
Payable to NBP Fund Management Limited - Management Company	-	25,167	25,167
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,018	1,018
Accrued expenses and other liabilities	-	55,024	55,024
Net assets attributable to unitholder	-	19,768,141	19,768,141
	<b>-</b>	<b>19,849,350</b>	<b>19,849,350</b>

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

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

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

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

18.4 Details of transactions with connected persons are as follows:

	For the Period from				Total
	March 27 2023 to June 30 2023	May 10 2023 to June 30 2023	May 17 2023 to June 30 2023		
	NGSP - II	NGSP - III	NGSP - IV	NGSP - V	
	----- (Rupees in '000) -----				
<b>NBP Fund Management Limited - Management Company</b>					
Remuneration of NBP Fund Management Limited - Management Company	9,195	4,137	1,191	10,394	24,917
Sindh Sales Tax on remuneration to Management Company	1,195	538	155	1,351	3,239
Reimbursement of Selling and marketing expenses	2,612	1,432	391	13,133	17,568
Reimbursement of allocation of expenses related to registrar services, accounting, operation and valuation services	2,711	1,432	424	3,582	8,149
Sales load including sales tax				131	131
<b>Employees of the Management Company</b>					
Issue of NGSP-II:501,136 Units/ NGSP-III: Nil Units/ NGSP-IV: Nil units/NGSP-V: 63,924 Units	5,011	-	-	639	5,650
Dividend reinvest: NGSP-II:26,686 units / NGSP-III: Nil Units/ NGSP-IV: Nil Units/ NGSP-V:198 Units	268	-	-	2	270





	For the Period from				Total
	to June 30 2023	March 27 2023 to June 30 2023	May 10 2023 to June 30 2023	May 17 2023 to June 30 2023	
	NGSP - II	NGSP - III	NGSP - IV	NGSP - V	
	(Rupees in '000)				
<b>Central Depository Company of Pakistan Limited - Trustee</b>					
Remuneration of the Trustee	1,131	525	156	1,313	3,125
Sindh Sales Tax on remuneration to Trustee	147	68	20	171	406
<b>Portfolio Managed by Management Company</b>					
Unit Issued : NGSP-II : Nil Units/ NGSP-III : Nil Units/ NGSP-IV :330,665/ NGSP-V: Nil Units	-	-	3,307	-	3,307
Dividend Reinvested: NGSP-II : Nil Units/ NGSP-III : Nil Units / NGSP-IV : 8446 Units/ NGSP-V : Nil Units	-	-	85	-	85
<b>Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund</b>					
<b>Ibrahim Holdings Private Limited</b>					
Unit Issued : NGSP-II : Nil Units/ NGSP-III : Nil Units/ NGSP-IV :Nil units / NGSP-V: 1,511,524,177 Units	-	-	-	15,115,212	15,115,212
Dividend Reinvested: NGSP-II : Nil Units/ NGSP-III : Nil Units / NGSP-IV : Nil per Units/ NGSP-V : 4,686,542 Units	-	-	-	46,895	46,895
<b>Pakistan National Shipping Corporation</b>					
Unit Issued : NGSP-II : Nil Units/ NGSP-III : Nil Units/ NGSP-IV :200,233,425 units/ NGSP-V: Nil Units	-	-	2,002,334	-	2,002,334
Dividend Reinvested: NGSP-II : Nil Units/ NGSP-III : Nil Units / NGSP-IV : 3,504,054 per Units/ NGSP-V : Nil Units	-	-	35,061	-	35,061
<b>Harobanx Industries Private Limited</b>					
Unit Issued : NGSP-II : 609,640,472 Units/ NGSP-III : 401,112,329 Units/ NGSP-IV :Nil Units/ NGSP-V: Nil Units	6,096,452	4,011,123	-	-	10,107,575
Dividend Reinvested: NGSP-II : Nil Units/ NGSP-III : 768,142 Units / NGSP-IV : Units/ NGSP-V : Nil Units	-	7,684	-	-	7,684
Unit Redemption:NGSP-II : Nil Units/ NGSP-III :299,879,051 Units/ NGSP-IV :Nil Units / NGSP-V: Nil Units	-	3,000,000	-	-	3,000,000
<b>Stingray Technologies (Private) Limited</b>					
Unit Issued : NGSP-II : 60,000,000 Units/ NGSP-III : Units/ NGSP-IV :Nil units / NGSP-V: Nil Units	-	600,000	-	-	600,000
Dividend Reinvested: NGSP-II : 2,680,775 Units/ NGSP-III : Nil Units / NGSP-IV : 3,504,054 per Units/ NGSP-V : Nil Units	-	26,819	-	-	26,819
<b>18.5 Balances at year end</b>					
<b>NBP Fund Management Limited - Management Company</b>					
Management remuneration payable	2,236	828	735	7,364	11,163
Sindh Sales tax payable on Management remuneration	291	108	97	957	1,453
Sales load Payable	-	-	-	116	116
Sales tax payable on sales load	-	-	-	15	15
Reimbursement of Selling and marketing expenses	2,312	1,361	391	13,133	17,197
Reimbursement of expenses related to registrar services, accounting, operation and valuation services	2,312	1,361	424	3,582	7,679
Other Payable to Management Company	10	10	-	-	20
<b>Central Depository Company of Pakistan Limited - Trustee</b>					
Remuneration Payable	278	95	156	901	1,430
Sindh Sales Tax on Trustee remuneration	36	12	19	117	184
<b>Employees of the Management Company</b>					
Units held: 527,822 units NGSP-II/ Nil Units NGSP- III / Nil Units NGSP-IV / 64,123 Units NGSP-V	5,293	-	-	642	5,935
<b>Portfolio Managed by Management Company</b>					
Units held: /NGSP-II/ Nil Units NGSP-III /339,112 units NGSP-IV/ Nil Units NGSP-V	-	-	3,400	-	3,400
<b>Persons holding directly or indirectly 10% or more of the units in issue / net assets of the Fund</b>					
<b>Harobanx Industries Private Limited</b>					
Units held: /NGSP-II 609,640,472 Units NGSP-III 102,001,421 units NGSP-IV Nil Units NGSP-V Nil units	6,113,536	1,022,054	-	-	7,135,590
<b>Stingray Technologies (Private) Limited</b>					
Units held: /NGSP-II Nil Units NGSP-III 62,681,771 units NGSP-IV/ Nil Units NGSP-V Nil units	-	628,071	-	-	628,071
<b>Pakistan National Shipping Corporation</b>					
Units held: /NGSP-II Nil Units NGSP-III Nil units NGSP-IV/ 203,737,480 Units NGSP-V Nil units	-	-	2,042,570	-	2,042,570
<b>Ibrahim Holdings Private Limited</b>					
Units held: /NGSP-II Nil Units NGSP-III Nil units NGSP-IV/ Nil Units NGSP-V 1,516,210,719 units	-	-	-	15,189,702	15,189,702

## 19 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	35
Mr. Asim Wahab Khan	Chief Investment Officer	CFA	17
Mr. Salman Ahmed	Head of Fixed Income	CFA	18
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	12
Mr. Usama Bin Razi	Senior Manager Fixed Income	BE, MBA	19

19.1 Mr. Salman Ahmed is the Fund Manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NBP Income Opportunity Fund
- NBP Financial Sector Income Fund
- NBP Government Securities Savings Fund
- NBP Income Opportunity Fund
- NBP Income Fund of Fund
- NBP Mahana Amdani Fund
- NBP Savings Fund
- NBP Government Securities Liquid Fund
- NBP Money Market Fund
- NBP Mustahkam Fund
- NBP Islamic Mustahkam Fund
- NBP Islamic Income Fund
- NBP Islamic Mahana Amdani Fund
- NBP Islamic Savings Fund

## 20 PATTERN OF UNIT HOLDING

### 20.1 NBP Government Securities Plan - II

Category	As at 30 June 2023		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage investment %
Individuals	1	5,293	0.09
Associated Companies and Directors	-	-	-
Insurance Companies	-	-	-
Bank and DFIs	-	-	-
NBFCs	-	-	-
Retirement Funds	-	-	-
Public Limited Companies	-	-	-
Others	1	6,113,508	99.91
	<b>2</b>	<b>6,118,801</b>	<b>100</b>

## 20.2 NBP Government Securities Plan - III

Category	As at 30 June 2023		
	Number of unit holders	Investment amount	Percentage investment
		(Rupees in '000)	%
Individuals	-	-	-
Associated Companies and Directors	-	-	-
Banks / DFIs	-	-	-
Insurance companies	-	-	-
Retirement funds	-	-	-
Public limited companies	-	-	-
NBFC	-	-	-
Others	2	1,650,124	100
	<b>2</b>	<b>1,650,124</b>	<b>100</b>

## 20.3 NBP Government Securities Plan - IV

Category			
Individuals	-	-	-
Associated Companies and Directors	-	-	-
Banks / DFIs	-	-	-
Insurance companies	-	-	-
Retirement funds	2	3,400	0.17
Public limited companies	1	2,042,575	99.83
NBFC	-	-	-
Others	-	-	-
	<b>3</b>	<b>2,045,975</b>	<b>100</b>

## 20.4 NBP Government Securities Plan - V

Category			
Individuals	71	735,848	3.72
Associated Companies and Directors	-	-	-
Banks / DFIs	-	-	-
Insurance companies	-	-	-
Retirement funds	6	239,219	1.21
Public limited companies	-	-	-
NBFC	-	-	-
Others	11	18,793,074	95.07
	<b>88</b>	<b>19,768,141</b>	<b>100</b>

## 21 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 86th, 87th, 88th, 89th, 90th and 91st Board Meetings were held on July 06, 2022, September 27, 2022, October 29, 2022, February 21, 2023, April 29, 2023 and June 01, 2023, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of directors	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	6	6	-	-
Tauqeer Mazhar	6	5	1	91st Meeting
Mehnaz Salar	6	6	-	-
Ali Saigol	6	6	-	-
Imran Zaffar	6	5	1	89th Meeting
Khalid Mansoor	6	6	-	-
Saad Amanullah Khan	6	6	-	-
Humayun Bashir (note 21.1)	2	2	-	-
Ruhail Muhammad (note 21.2)	3	3	-	-
Dr. Amjad Waheed	6	6	-	-

- 21.1 Mr. Humayun Bashir resigned from the Board with effect from October 04, 2022 and Mr. Ruhail Muhammad opted as Director on the Board with effect from October 04, 2022.

## 22 FINANCIAL RISK MANAGEMENT

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

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, Offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a portfolio of listed equity securities and government securities. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

### 22.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer

or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

## 22.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

## 22.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### NBP Government Securities Plan -II

		2023				
		NGSP - II	NGSP - III	NGSP - IV	NGSP - V	Total
Note		(Rupees in '000)				
<b>Variable rate instruments</b>						
	4	<b>624,226</b>	<b>50,108</b>	<b>24,534</b>	<b>37,704</b>	<b>736,572</b>

#### a) Sensitivity analysis for variable rate instruments

Presently, the fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by for NGSP - II: Rs. 6.24 million, NGSP-III Rs. 0.5 million, NGSP-IV Rs. 0.25 million and NGSP - V Rs. 0.38 million.

#### b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

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

## 22.1.3 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities at fair value through profit or loss.

## 22.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment and bank balances. Risks attributable to investments in Market Treasury Bills is limited as Market Treasury Bill are guaranteed by the Federal Government. While bank balances are maintained with banks with a reasonably high credit rating except as disclosed below.

The analysis below summarises the credit quality of the Fund's bank balances. The bank ratings are based on The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited as at 30 June 2023.

### Balances with banks

	2023				Total
	NGSP - II	NGSP - III	NGSP - IV	NGSP - V	
	----- (Rupees in '000) -----				
<b>AA-</b>	<b>624,226</b>	<b>50,108</b>	<b>24,534</b>	<b>37,704</b>	<b>1,360,798</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2023 is the carrying amount of the financial assets.

### NBP Government Securities Plan - II

	As at 30 June 2023					Total
	Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	
		Upto three months	Over three months and upto one year	Over one year		
	----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Bank balances	19.5% - 21.6%	624,226	-	-	-	624,226
Investments		-	-	-	5,438,203	5,438,203
Profit receivable		-	-	-	78,187	78,187
		<b>624,226</b>	<b>-</b>	<b>-</b>	<b>6,140,616</b>	<b>6,140,616</b>
<b>Financial Liabilities</b>						
Payable to NBP Fund Management Limited - Management Company		-	-	-	7,161	7,161
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	314	314
Accrued expenses and other liabilities		-	-	-	13,929	13,929
Net assets attributable to unitholder		-	-	-	6,118,801	6,118,801
		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,140,205</b>	<b>6,140,205</b>
<b>On-balance sheet gap</b>		<b>624,226</b>	<b>-</b>	<b>-</b>	<b>411</b>	<b>411</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap</b>		<b>624,226</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>624,226</b>	<b>624,226</b>	<b>624,226</b>		

## NBP Government Securities Plan - III

As at 30 June 2023

Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial Assets</b>					
Bank balances	19.50% - 21.26%	50,108	-	-	50,108
Investments		-	-	1,577,961	1,577,961
Profit receivable		-	-	32,113	32,113
		<u>50,108</u>	<u>-</u>	<u>1,610,074</u>	<u>1,660,182</u>
<b>Financial Liabilities</b>					
Payable to NBP Fund Management Limited - Management Company		-	-	3,668	3,668
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	175	175
Accrued expenses and other liabilities		-	-	6,664	6,664
Net assets attributable to unitholder		-	-	1,650,124	1,650,124
		<u>-</u>	<u>-</u>	<u>1,660,631</u>	<u>1,660,631</u>
<b>On-balance sheet gap</b>		<u>50,108</u>	<u>-</u>	<u>(50,557)</u>	<u>(449)</u>
<b>Off-balance sheet financial instruments</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Off-balance sheet gap</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap</b>		<u>50,108</u>	<u>-</u>	<u>-</u>	
<b>Cumulative interest rate sensitivity gap</b>		<u>50,108</u>	<u>50,108</u>	<u>50,108</u>	

## NBP Government Securities Plan - IV

### On-balance sheet financial instruments

#### Financial Assets

Bank balances	19.5% - 21.6%	24,534	-	-	24,534
Investments		-	-	1,990,886	1,990,886
Profit receivable		-	-	39,098	39,098
		<u>24,534</u>	<u>-</u>	<u>2,054,518</u>	<u>2,054,518</u>

#### Financial Liabilities

Payable to NBP Fund Management Limited - Management Company		-	-	1,647	1,647
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	175	175
Accrued expenses and other liabilities		-	-	6,664	6,664
Net assets attributable to unitholder		-	-	2,045,975	2,045,975
		<u>-</u>	<u>-</u>	<u>2,054,461</u>	<u>2,054,461</u>

<b>On-balance sheet gap</b>		<u>24,534</u>	<u>-</u>	<u>57</u>	<u>57</u>
<b>Off-balance sheet financial instruments</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Off-balance sheet gap</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap</b>		<u>24,534</u>	<u>-</u>	<u>-</u>	
<b>Cumulative interest rate sensitivity gap</b>		<u>24,534</u>	<u>24,534</u>	<u>24,534</u>	

## NBP Government Securities Plan - V

As at 30 June 2023

Yield / interest rate (%)	Exposed to yield / interest risk			Not exposed to yield / interest risk	Total
	Upto three months	Over three months and upto one year	Over one year		
----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial Assets</b>					
Bank balances	19.5% - 21.6%	37,704	-	-	37,704
Investments		-	-	19,176,687	19,176,687
Profit receivable		-	-	951,032	951,032
		<u>37,704</u>	<u>-</u>	<u>20,165,423</u>	<u>20,165,423</u>
<b>Financial Liabilities</b>					
Payable to NBP Fund Management Limited - Management Company		-	-	25,167	25,167
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,018	1,018
Accrued expenses and other liabilities		-	-	55,024	55,024
Net assets attributable to unitholder		-	-	19,768,141	19,768,141
		<u>-</u>	<u>-</u>	<u>19,849,350</u>	<u>19,849,350</u>
<b>On-balance sheet gap</b>		<u>37,704</u>	<u>-</u>	<u>316,073</u>	<u>316,073</u>
<b>Off-balance sheet gap</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap</b>		<u>37,704</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cumulative interest rate sensitivity gap</b>		<u>37,704</u>	<u>37,704</u>	<u>37,704</u>	<u>37,704</u>

## Concentration of the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

### 22.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

#### Management of liquidity risk

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages



to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to ten percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, during the current year, no borrowing was obtained by the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

### Maturity analysis for financial liabilities

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	30 June 2023			
	Total	Upto three months	Over three months and upto one year	Over one year
	----- (Rupees in '000) -----			
<b>NBP Government Securities Plan - II</b>				
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	7,161	7,161	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	314	314	-	-
Accrued expenses and other liabilities	13,929	13,929	-	-
Net assets attributable to unitholder	<b>6,118,801</b>	<b>6,118,801</b>	-	-
	<b>6,140,205</b>	<b>6,140,205</b>	-	-
Net assets attributable to redeemable units	<b>6,118,801</b>	<b>6,118,801</b>	-	-
<b>NBP Government Securities Plan - III</b>				
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	3,668	3,668	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	107	107	-	-
Accrued expenses and other liabilities	6,092	6,092	-	-
Net assets attributable to unitholder	<b>1,650,124</b>	<b>1,650,124</b>	-	-
	<b>1,659,991</b>	<b>1,659,991</b>	-	-

30 June 2023

	Total	Upto three months	Over three months and upto one year	Over one year
----- (Rupees in '000) -----				
<b>NBP Government Securities Plan - IV</b>				
<b>Financial liabilities</b>				
Payable to NBP Fund Management Limited - Management Company	1,647	1,647	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	175	175	-	-
Accrued expenses and other liabilities	6,664	6,664	-	-
Net assets attributable to unitholder	2,045,975	2,045,975	-	-
	<u>2,054,461</u>	<u>2,054,461</u>	<u>-</u>	<u>-</u>

## NBP Government Securities Plan - V

### Financial liabilities

Payable to NBP Fund Management Limited - Management Company	25,167	25,167	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,018	1,018	-	-
Accrued expenses and other liabilities	55,024	55,024	-	-
Net assets attributable to unitholder	19,768,141	19,768,141	-	-
	<u>19,849,350</u>	<u>19,849,350</u>	<u>-</u>	<u>-</u>

## 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 the fair value hierarchy.

		30 June 2023					
		Carrying value			Fair value		
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3
<b>NBP Government Securities Plan - II</b>	Note	----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investment - Government securities		5,438,203	-	5,438,203	5,438,203	-	-
<b>Financial assets not measured at fair value</b>							
Bank balances	23.1	-	624,226	624,226			
profit receivable		-	78,187	78,187			
		<u>5,438,203</u>	<u>702,413</u>	<u>6,140,616</u>			
<b>Financial liabilities not measured at fair value</b>							
Payable to NBP Fund Management Limited - Management Company	23.1	-	7,161	7,161			
Payable to Central Depository Company of Pakistan Limited - Trustee		-	314	314			
Accrued expenses and other liabilities		-	13,929	13,929			
Net assets attributable to unitholder		-	6,118,801	6,118,801			
		<u>-</u>	<u>6,140,205</u>	<u>6,140,205</u>			
<b>NBP Government Securities Plan - III</b>							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investment - Government securities		1,577,961	-	1,577,961	1,577,961	-	-
<b>Financial assets not measured at fair value</b>							
Bank balances	23.1	-	50,108	50,108			
profit receivable		-	32,113	32,113			
		<u>1,577,961</u>	<u>82,221</u>	<u>1,660,182</u>			
<b>Financial liabilities not measured at fair value</b>							
Payable to NBP Fund Management Limited - Management Company	23.1	-	3,668	3,668			
Payable to Central Depository Company of Pakistan Limited - Trustee		-	107	107			
Accrued expenses and other liabilities		-	6,092	6,092			
Net assets attributable to unitholder		-	1,650,124	1,650,124			
		<u>-</u>	<u>1,659,991</u>	<u>1,659,991</u>			

30 June 2023

		Carrying value			Fair value		
		At fair value through profit or loss	At amortized cost	Total	Level 1	Level 2	Level 3
<b>NBP Government Securities Plan - IV</b>	Note	----- (Rupees in '000) -----					
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investment - Government securities		1,990,886	-	1,990,886	1,990,886	-	-
<b>Financial assets not measured at fair value</b>							
	23.1						
Bank balances		-	24,534	24,534			
profit receivable		-	39,098	39,098			
		<b>1,990,886</b>	<b>63,632</b>	<b>2,054,518</b>			
<b>Financial liabilities not measured at fair value</b>							
	23.1						
Payable to NBP Fund Management Limited - Management Company		-	1,647	1,647			
Payable to Central Depository Company of Pakistan Limited - Trustee		-	175	175			
Accrued expenses and other liabilities		-	6,664	6,664			
Net assets attributable to unitholder		-	2,045,975	-			
		<b>-</b>	<b>2,054,461</b>	<b>8,486</b>			
<b>NBP Government Securities Plan - V</b>							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investment - Government securities		19,176,687	-	19,176,687	19,176,687	-	-
<b>Financial assets not measured at fair value</b>							
	23.1						
Bank balances		-	37,704	37,704			
profit receivable		-	951,032	951,032			
		<b>19,176,687</b>	<b>988,736</b>	<b>20,165,423</b>			
<b>Financial liabilities not measured at fair value</b>							
	23.1						
Payable to NBP Fund Management Limited - Management Company		-	25,167	25,167			
Payable to Central Depository Company of Pakistan Limited - Trustee		-	1,018	1,018			
Accrued expenses and other liabilities		-	55,024	55,024			
Net assets attributable to unitholder		-	19,768,141	19,768,141			
		<b>-</b>	<b>19,849,350</b>	<b>19,849,350</b>			

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

## **24 UNIT HOLDERS' FUND RISK MANAGEMENT**

The units holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units.

As at 30 June 2023, The Fund meets the requirement of sub-regulation 54 (3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

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

In accordance with the risk management policies stated in note 22, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

## **25 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on **September 15, 2023**.

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

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## PERFORMANCE TABLE

Particulars	NGSF-I			
	NGSP-II	NGSP-III	NGSP-IV	NGSP-V
	For the Period from Feb 28, 2023 to June 30, 2023	For the Period from Mar 27, 2023 to June 30, 2023	For the Period from May 10, 2023 to June 30, 2023	For the Period from May 17, 2023 to June 30, 2023
Net assets at the year / period ended (Rs '000)	6,118,801	1,650,124	2,045,975	19,768,141
Net income/(loss) for the year / period ended (Rs '000)	412,830	198,239	56,252	477,052
Net Asset Value per unit at the year / period ended (Rs)	10.0281	10.0200	10.0255	10.0182
Offer Price per unit	N/A	N/A	N/A	N/A
Redemption Price per unit	10.0281	10.0200	10.0255	10.0182
Ex - Highest offer price per unit (Rs.)	N/A	N/A	N/A	N/A
Ex - Lowest offer price per unit (Rs.)	N/A	N/A	N/A	N/A
Ex - Highest redemption price per unit (Rs.)	10.0281	10.0200	10.0000	10.0182
Ex - Lowest redemption price per unit (Rs.)	9.3773	9.4815	9.7508	9.7799
Opening Nav of Fiscal Year/Since inception NAV	9.3773	9.4815	9.7508	9.7799
Total return of the fund	20.76%	21.82%	20.16%	20.22%
Capital growth	1.17%	1.18%	1.94%	1.60%
Income distribution as a % of ex nav	19.59%	20.64%	18.22%	18.62%
Income distribution as a % of par value	19.65%	20.64%	18.22%	18.62%
<b>Distribution</b>				
Interim distribution per unit	0.0336	0.0185	0.0486	0.0365
Interim distribution per unit	0.4731	0.2781	-	-
Interim distribution per unit	-	0.0372	-	-
Interim distribution per unit	-	0.1142	-	-
Interim distribution per unit	0.1502	0.0893	0.2060	0.1879
Final distribution per unit				
<b>Distribution Dates</b>				
Interim	7-Mar-23	30-Mar-23	19-May-23	25-May-23
Interim	8-Jun-23	19-May-23	-	-
Interim	-	26-May-23	-	-
Interim	-	14-Jun-23	-	-
Interim	26-Jun-23	27-Jun-23	26-Jun-23	27-Jun-23
Final				
Average annual return of the fund (Since inception to June 30, 2023)	20.76%	21.82%	20.16%	20.22%
Weighted average portfolio duration	53 days	32 days	33 days	47 days
Portfolio Composition ( Please see Fund Manager Report)				
<b>Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up</b>				

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