



NBP FUNDS

Managing Your Savings

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NAFA GOVERNMENT SECURITIES SAVINGS FUND

**QUARTERLY
REPORT**
March 31, 2018



MISSION STATEMENT

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

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NAFA GOVERNMENT SECURITIES SAVINGS FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Formerly: NBP Fullerton Asset Management Limited (NAFA)

Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Humayun Bashir	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Tariq Jamali	Member
Mr. Shehryar Faruque	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member

Trustee

Central Depository Company of Pakistan Limited (CDC)

CDC House, 99-B, Block "B" S.M.C.H.S.,

Main Shakra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
United Bank Limited
National Bank of Pakistan
Summit Bank Limited
JS Bank Limited
Khushhali Bank Limited
Sindh Bank Limited
Samba Bank Limited
Bankislami Pakistan Limited
Zarai Taraqati Bank Limited

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.02
Beaumont Road,
Karachi - 75530, Pakistan.

Legal Advisor

M/s Jooma Law Associates
205, E.I. Lines, Dr. Daudpota Road,
Karachi.

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: (111-111-632)
Helpline (Toll Free): 0800-20002
Fax: (021) 35825329

Lahore Office:

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

Islamabad Office:

Plot No. 395, 396
Industrial Area, I-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

NAFA GOVERNMENT SECURITIES SAVINGS FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited (Formerly; NBP Fullerton Asset Management Limited) is pleased to present the unaudited financial statements of **NAFA Government Securities Savings Fund (NGSSF)** for the period ended March 31, 2018.

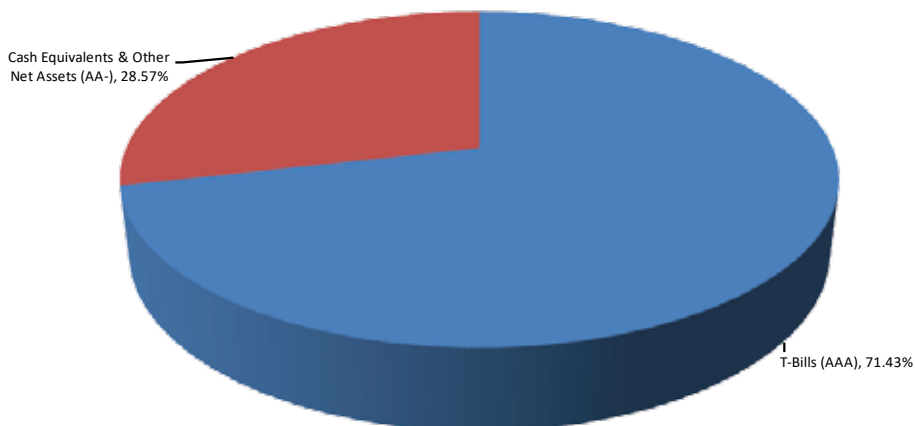
Fund's Performance

The size of NAFA Government Securities Savings Fund has increased from Rs. 108 million to Rs. 156 million during the period (i.e. a growth of 44%). During the period, the unit price of the Fund has increased from Rs. 10.3042 (Ex-Div) on June 30, 2017 to Rs. 10.6846 on March 31, 2018, thus showing return of 4.9% as compared to the benchmark return of 6.1% for the same period. The performance of the Fund is net of management fee and all other expenses. The Fund has been assigned a stability rating of 'AA- (f)' by PACRA.

During the period under review, in its bi-monthly monetary policy review in January 2018, State Bank of Pakistan (SBP) increased the policy rate and discount rate by 25 basis points to 6.00% and 6.50%, respectively. After remaining range bound, sovereign yields responded to the recent increase in the policy rates and expectation of more to come in the near future. During the period under review, yields on T-bills for 3-month, 6-month, and 12-month, tenors increased by 41 basis points, 57 basis points and 71 basis points, respectively. Expecting upside risks to inflation and interest rates, investors' preference remained tilted toward short tenors.

After remaining relatively dormant, the market witnessed some issuances in the primary corporate debt market. Trading activity in corporate debt securities remains thin and was recorded at Rs. 16.1 billion. The trades were primarily concentrated in Banking sector TFCs. Expecting upside risks to interest rates the trading activity in the long tenor sovereign bonds (PIBs) remained subdued. PIB yields saw an increase of 142 basis points, 145 basis points, 69 basis points and 44 basis points for the 3-year, 5-year, 10 year, and 20 year tenors, respectively.

The Fund has earned total income of Rs. 7.27 million during the period. After deducting expenses of Rs.1.74 million, the net income is Rs.5.53 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSSF:



NAFA GOVERNMENT SECURITIES SAVINGS FUND

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
(Formerly; NBP Fullerton Asset Management Limited)

Chief Executive Officer

Director

Date: April 30, 2018
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ سابقہ (NBP فلٹرن ایسیٹ منیجمنٹ لمیٹڈ) کے بورڈ آف ڈائریکٹرز بعد مسرت 31 مارچ 2018 کو ختم ہونے والی مدت کے لئے NAFA گورنمنٹ سیکیورٹیز سیونگز فنڈ (NGSSF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

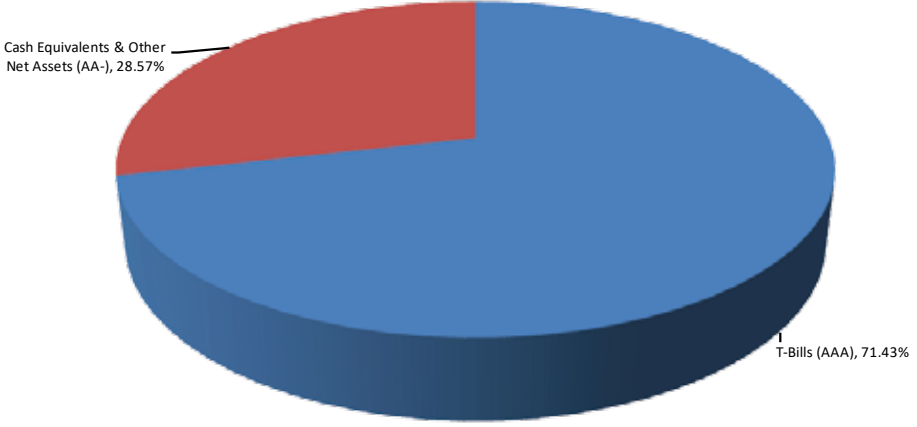
NAFA گورنمنٹ سیکیورٹیز سیونگز فنڈ کا فنڈ سائز اس مدت کے دوران 108 ملین روپے سے بڑھ کر 156 ملین روپے ہو گیا، یعنی %44 کا اضافہ۔ اس مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2017 کو 10.3042 روپے سے بڑھ کر 31 مارچ 2018 کو 10.6846 روپے ہو چکی ہے، لہذا اسی مدت کے لیے اپنے بیچ مارک منافع %6.1 کے مقابلے میں %4.9 منافع درج کرایا۔ فنڈ کی کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔ اس فنڈ کو PACRA کی طرف سے (f)-AA کی اسٹیٹیلیٹی ریٹنگ دی گئی ہے۔

زیر جائزہ مدت میں اسٹیٹ بینک آف پاکستان (SBP) نے جنوری 2018 میں اپنی دو ماہ کی مانیٹری پالیسی میں پالیسی ریٹ اور ڈسکاؤنٹ ریٹ میں 25 پیس پوائنٹس کے اضافے سے انھیں بالترتیب %6.00 اور %6.50 تک پہنچا دیا ہے۔ بقدرتیج کے محدود ہونے کے بعد (Sovereign) منافع نے حالیہ پالیسی ریٹس میں اضافے اور مستقبل قریب میں مزید اضافے کی توقع کا رد عمل ظاہر کیا۔ زیر جائزہ مدت کے دوران میں 3 ماہ، 6 ماہ اور 12 ماہ کیلئے T-Bills کے منافع میں بالترتیب 41 پیس پوائنٹس، 57 پیس پوائنٹس اور 71 پیس پوائنٹس کا اضافہ ہوا۔ افراط زر اور شرح سود سے متعلقہ بڑھتے ہوئے خدشات کی بنا پر سرمایہ کاروں کی ترجیح کا بھکاؤ مختصر مدت کی طرف رہا۔

نسبتاً غیر فعال رہنے کے بعد مارکیٹ میں بنیادی کارپوریٹ Debt کے کچھ اجراء دیکھنے میں آئے۔ کارپوریٹ Debt سیکورٹیز میں تجارتی سرگرمیاں مختصر ہیں جو 16.1 ملین روپے کی حد تک محدود ہیں۔ تجارت کا عمومی رجحان بینکنگ کے شعبے TFCs کی طرف رہا۔ شرح سود میں اضافہ کے خدشات کی توقع کے باعث طویل مدت کے Sovereign بونڈز (PIBs) میں تجارتی سرگرمیاں محدود ہیں۔ PIB کے نتائج میں 3 سال، 5 سال، 10 سال اور 20 سال کی مدت کے لئے بالترتیب 142 پیس پوائنٹس، 145 پیس پوائنٹس، 69 پیس پوائنٹس اور 44 پیس پوائنٹس کا اضافہ دیکھنے میں آیا۔

فنڈ نے اس مدت کے دوران 7.27 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 1.74 ملین روپے کے اخراجات کو منہا کرنے کے بعد خالص آمدنی 5.53 ملین روپے ہے۔ درج ذیل چارٹ NGSSF کی ایسیٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:

NAFA GOVERNMENT SECURITIES SAVINGS FUND



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد اور اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور آرٹسٹ کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ لمیٹڈ

(سابقہ: NBP فلٹرین ایسٹ منجمنٹ لمیٹڈ)

ڈائریکٹر

چیف ایگزیکٹو آفیسر

بتاریخ

30 اپریل 2018

بمقام: کراچی

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Condensed Interim Statement of Assets and Liabilities As at 31 March 2018

	Note	(Un- Audited) March 31' 2018	Audited June 30, 2017
(Rupees in '000)			
Assets			
Bank balances		97,348	114,253
Investments	4	111,677	89,912
Profit receivable		5	41
Deposit, prepayment and other receivables		833	896
Total assets		<u>209,863</u>	<u>205,102</u>
Liabilities			
Payable to the Management Company		411	438
Payable to the Trustee		31	28
Payable to Securities and Exchange Commission of Pakistan		86	126
Payable against purchase of investments		49,926	89,971
Accrued expenses and other liabilities		3,066	6,778
Total liabilities		<u>53,520</u>	<u>97,341</u>
Net assets		<u>156,343</u>	<u>107,761</u>
Unit holders' fund (as per statement attached)		<u>156,343</u>	<u>107,761</u>
Contingency and commitment	6		
		-----Number of units-----	
Number of units in issue		<u>14,632,561</u>	<u>10,457,979</u>
		------(Rupees)-----	
Net assets value per unit		<u>10.6846</u>	<u>10.3042</u>

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

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Condensed Interim Income Statement (Unaudited) For the Nine months period and Quarter ended 31 March 2018

	Nine months ended		Quarter ended	
Note	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	------(Rupees in '000)-----			
Income				
Income from Market Treasury Bills	4,866	3,656	1,692	877
Income from Pakistan Investment Bonds	-	4,794	-	1,611
Profit on bank deposits	2,449	2,491	788	669
(Loss) on sale of investments - net	(9)	(2,194)	(9)	(2,174)
Reversal of provision for Workers' Welfare Fund	-	1,621	-	1,621
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(37)	(50)	(15)	1,415
Total income	<u>7,269</u>	<u>10,318</u>	<u>2,456</u>	<u>4,019</u>
Expenses				
Remuneration of the Management Company	654	784	227	222
Sindh Sales Tax on remuneration to Management Company	85	102	29	29
Remuneration of the Trustee	195	231	66	64
Sindh Sales Tax on remuneration to Trustee	25	30	8	8
Annual fee - Securities and Exchange Commission of Pakistan	86	102	29	28
Allocation of expenses related to registrar services, accounting, operation and valuation services	115	136	39	38
Auditors' remuneration	300	382	1	87
Securities transaction cost	-	1	-	1
Settlement and bank charges	13	72	3	(2)
Listing fee	17	33	7	11
Professional charges	13	19	13	10
Mutual fund rating fee	113	162	45	37
Printing and other charges	15	42	15	-
Provision for Sindh Workers' Welfare Fund- previous years	-	277	-	277
Total expenses	<u>1,631</u>	<u>2,373</u>	<u>482</u>	<u>810</u>
Net income from operating activities	<u>5,638</u>	<u>7,945</u>	<u>1,974</u>	<u>3,209</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	-	(1,385)	-	(434)
Provision for Sindh Workers' Welfare Fund	5	(113)	(40)	(131)
Net income for the period before taxation	<u>5,525</u>	<u>6,429</u>	<u>1,934</u>	<u>2,644</u>
Taxation	7	-	-	-
Net income for the period	<u>5,525</u>	<u>6,429</u>	<u>1,934</u>	<u>2,644</u>
Allocation of net income for the period				
Net income for the period	5,525		1,934	
Income already paid on units redeemed	(408)		(200)	
	<u>5,117</u>		<u>1,734</u>	
Accounting income available for distribution:				
-Relating to capital gains	-		-	
-Excluding capital gains	5,117		1,734	
	<u>5,117</u>		<u>1,734</u>	

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

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Condensed Interim Statement of Comprehensive Income (Unaudited) For the Nine months period and Quarter ended 31 March 2018

	Nine months ended		Quarter ended	
Note	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in '000)			
Net income for the period	5,525	6,429	1,934	2,644
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>5,525</u>	<u>6,429</u>	<u>1,934</u>	<u>2,644</u>

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

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited) For the Nine months period ended 31 March 2018

	Nine months ended 31, March 2018			Nine months ended 31, March 2017		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the period	68,909	38,852	107,761	265,224	38,685	303,909
Issuance of 7,325,326 units (2017: 8,058,625 units)						
- Capital value	75,482	-	75,482			
- Element of income	562	-	562			
Total proceeds on issuance of units	76,044	-	76,044	82,909	1,468	84,377
Redemption of 3,150,744 units (2017: 23,793,887 units)						
- Capital value	(32,466)	-	(32,466)			
-Element of loss	(113)	(408)	(521)			
Total payments on redemption of units	(32,579)	(408)	(32,987)	(244,797)	(2,853)	(247,650)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	-	-	-	1,385	1,385
Total comprehensive income for the period	-	5,525	5,525	-	6,429	6,429
Net assets at end of the period	112,374	43,969	156,343	103,336	45,114	148,450
Undistributed income brought forward						
- Realised		38,911			35,676	
- Unrealised		(59)			3,009	
		38,852			38,685	
Accounting income available for distribution:						
- Relating to capital gains		-				
- Excluding capital gains		5,117				
		5,117			6,429	
Undistributed income carried forward		43,969			45,114	
Undistributed income carried forward						
- Realised		44,006			45,164	
- Unrealised		(37)			(50)	
		43,969			45,114	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		10.3042			10.2882	
Net assets value per unit at end of the period		10.6846			10.7539	

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

For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Condensed Interim Cash Flow Statement (Unaudited) For the Nine months period ended 31 March 2018

	Nine months period ended	
	March 31, 2018	March 31, 2017
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	5,525	6,429
Adjustments:		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	37	50
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	1,385
	5,562	7,865
(Increase) / decrease in assets		
Investments - net	(21,802)	144,868
Profit receivable	36	4,031
Receivable against conversion of units	-	-
Deposits and prepayment	63	(761)
	(21,703)	148,138
Increase / (decrease) in liabilities		
Payable to Management Company	(27)	(280)
Payable to Trustee	3	(46)
Payable to Securities and Exchange Commission of Pakistan	(40)	(173)
Payable against purchase of investments	(40,045)	104,831
Payable against conversion of units	-	-
Accrued expenses and other liabilities	(3,712)	(4,146)
	(43,821)	100,186
Net cash (used in) / generated from operating activities	(59,962)	256,189
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issue of units	76,044	85,077
Payments against redemption of units	(32,987)	(259,398)
Net cash flows generated from / (used in) financing activities	43,057	(174,321)
Net (decrease) / increase in cash and cash equivalents during the period	(16,905)	81,868
Cash and cash equivalents at beginning of the period	114,253	69,130
Cash and cash equivalents at end of the period	97,348	150,998

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

**For NBP Fund Management Limited
(Formerly;NBP Fullerton Asset Management Limited)
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Notes to and forming part of the Condensed Interim Financial Information (Unaudited) For the Nine months period ended 31 March 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

The disclosures made in this condensed interim financial information have been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2017.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

NAFA GOVERNMENT SECURITIES SAVINGS FUND

3 ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of this condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.1.

- 3.1 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the amended regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the amended regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by the SECP vide their email to MUFAP dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been higher by Rs. 0.040 million net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been lower by Rs. 0.0001. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

4 INVESTMENTS

Financial assets 'at fair value through profit or loss' - held for trading

Government Securities

Market Treasury Bills

4.1

**31 March
2018** **30 June
2017**
Unaudited **Audited**
(Rupees in '000)

111,677 **89,912**

111,677 **89,912**

NAFA GOVERNMENT SECURITIES SAVINGS FUND

4.1 Market Treasury Bills

Issue date	Tenor	As at 01 July 2017	Purchases during the period	Sales / matured during the period	As at March 31, 2018	value / Carrying value as at March 31 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
(Rupees in '000)						(%)		
16 March 17	6 Months	-	30,000	30,000	-	-	-	-
13 April 17	3 Months	90,000	90,000	180,000	-	-	-	-
27 April 17	3 Months	-	80,000	80,000	-	-	-	-
22 June 17	3 Months	-	30,000	30,000	-	-	-	-
20 July 17	3 Months	-	80,000	80,000	-	-	-	-
3 August 17	3 Months	-	41,000	41,000	-	-	-	-
18 August 16	12	-	30,000	30,000	-	-	-	-
17 August 17	3 Months	-	30,000	-	30,000	-	-	-
31 August 17	3 Months	-	23,000	23,000	-	-	-	-
14 September 17	3 Months	-	68,000	68,000	-	-	-	-
28 September 17	3 Months	-	35,000	35,000	-	-	-	-
12 October 17	3 Months	-	86,000	86,000	-	-	-	-
26 October 17	3 Months	-	63,000	63,000	-	-	-	-
9 November 17	3 Months	-	42,000	42,000	-	-	-	-
8 June 17	6 Months	-	10,000	10,000	-	-	-	-
23 November 17	3 Months	-	56,000	56,000	-	-	-	-
22 June 17	6 Months	-	35,000	35,000	-	-	-	-
18 January 18	3 Months	-	20,000	-	20,000	69,861	44.68	62.56
1 February 18	3 Months	-	42,000	-	42,000	41,816	26.75	37.44
15 February 18	3 Months	-	50,000	-	50,000	-	-	-
Total		90,000	941,000	889,000	142,000	111,677	71	100
Carrying value before fair value adjustment as at 31 March 2018						111,714		

4.1.1 These carry rate of return ranging from 5.83% to 6.33% per annum (30 June 2017: 5.78% to 5.99% per annum).

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30 2017.

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 0.5118 million for the period ended March 31, 2018 in this condensed interim financial information. Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs. 0.0350 per unit (June 30, 2017: Rs. 0.0382 per unit).

6 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 31 March 2018 (30 June 2017: Nil).

7 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 period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision for taxation has been made in this condensed interim financial information.

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.

NAFA GOVERNMENT SECURITIES SAVINGS FUND

8 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.52 % per annum including 0.27 % representing government levies on collective investment scheme such as sales tax, Sindh worker's welfare fund and SECP fee for the period.

9 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 9.1 Connected persons include NBP Fund Management Limited (Formerly;NBP Fullerton Asset Management Limited) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 9.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at period end are as follows:
- 9.5 Transactions during the period:

	Nine months ended	
	31 March 2018	31 March 2017
	(Unaudited)	
	(Rupees in '000)	
NBP Fund Management Limited - Management Company <i>(Formerly;NBP Fullerton Asset Management Limited)</i>		
Remuneration of the Management Company	654	784
Sindh Sales Tax on remuneration of Management Company	85	102
Allocation of expenses related to registrar services, accounting, operation and valuation services	115	136
Sales load	6	7
Units issued: 4,832,899 units (31 March 2017: 5,593,008 units)	50,039	58,683
Service Provident Fund Trust		
Purchase of Pakistan Investment Bond	-	3,766
National Bank of Pakistan Limited		
Purchases of Market Treasury Bills	167,351	69,704
Sale of Market Treasury Bills	29,986	-
Employees of the Management Company		
Units Issued: 28 units (31 March 2017: NIL units)	1	-
Units redeemed: NIL units (31 March 2017: 36,504 units)	-	381
Mr Khalid Mehmood - CFO		
Units redeemed: NIL units (31 March 2017: 144,963 units)	-	1,509
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	195	231
Sindh Sales Tax on remuneration of Trustee	25	30
Attock Petroleum Limited		
Units redeemed: Nil units (31 December 2016: 10,056,987 units)	-	104,136
NAFA Income Opportunity Fund		
Sale of Market Treasury Bills	-	68,308
NAFA Government Securities Liquid Fund		
Sale of Market Treasury Bills	-	47,634

NAFA GOVERNMENT SECURITIES SAVINGS FUND

	Un-audited As at March 31, 2018	Audited As at June 30, 2017
	----- (Rupees in '000) -----	
9.6 Amounts outstanding as at period / year end:		
NBP Fund Management Limited - Management Company (Formerly; NBP Fullerton Asset Management Limited)		
Management remuneration payable	82	64
Sindh Sales Tax payable on management remuneration	11	8
Sales load and transfer load payable	122	117
Sindh Sales Tax on sales load	36	36
Allocation of expenses related to registrar services, accounting, operation and valuation services	115	168
Other payable	45	45
Units held: 8,244,705 units (30 June 2017: 3,411,806 units)	88,091	35,156
Employees of the Management Company Units held: 31,169 units (30 June 2017: 31,142 units)	333	321
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	23	19
Sindh Sales Tax payable on Trustee remuneration	3	2
Settlement charges payable	5	7
Security deposit	102	102
National Bank of Pakistan Bank balances	229	297
Summit Bank Limited Bank balances	219	203
Bank Islami Pakistan Limited Bank balances	44	-

10 GENERAL

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

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

11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on 30 April 2018 by the Board of directors of the Management Company.

For NBP Fund Management Limited
(Formerly; NBP Fullerton Asset Management Limited)
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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