



NBP FUNDS

Managing Your Savings

AM1
Rated by PACRA

NBP GOVERNMENT SECURITIES LIQUID FUND



ANNUAL REPORT
JUNE 2019



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

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

Company Secretary & COO

Mr. Muhammad Murataz Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

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

NBP GOVERNMENT SECURITIES LIQUID FUND (FORMERLY ; NAFA GOVERNMENT SECURITIES LIQUID FUND)



NBP FUNDS
Managing Your Savings

Auditors

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

Legal Advisor

Akhund Forbes
D-21, Block, 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.nbp-funds.com

Lahore Office:

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

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

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

Multan Office:

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

Board of Directors



Dr. Amjad Waheed, CFA
Chief Executive Officer



Shaikh Muhammad Abdul Wahid Sethi
Chairman



Mr. Kamal Amir Chinoy
Director



Mr. Humayun Bashir
Director



Mr. Nasir Husain
Director



Mr. Ali Saigol
Director



Mr. Shehryar Faruque
Director



Mr. Imran Zaffar
Director



Mr. Abdul Hadi Palekar
Director

Senior Management



Mr. Sajjad Anwar, CFA
Chief Investment Officer



Dr. Amjad Waheed, CFA
Chief Executive Officer



Mr. Muhammad Murtaza Ali
Chief Operating Officer &
Company Secretary



Mr. Khalid Mehmood
Chief Financial Officer



Mr. Samiuddin Ahmed
Country Head Corporate Marketing



Mr. Ozair Khan
Chief Technology Officer



Mr. Salim S Mehdi
Chief Innovation & Strategy Officer



Mr. Muhammad Ali, CFA, FRM
Head Of Fixed Income



Mr. Taha Khan Javed, CFA
Head Of Equity



Mr. Hassan Raza, CFA
Head Of Research



Mr. Waheed Abidi
Head Of Internal Audit



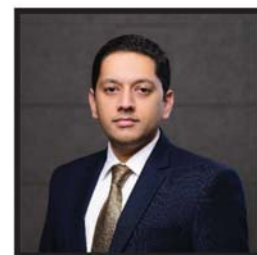
Mr. Salman Ahmed, CFA
Head Of Risk Management



Mr. Zaheer Iqbal, ACA, FPFA
Head Of Operations



Mr. Raheel Rehman, ACA
Head Of Compliance



Mr. Shahbaz Umer
Head Of Human Resource

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Eleventh Annual Report of **NBP Government Securities Liquid Fund (Formerly; NAFA Government Securities Liquid Fund (NGSLF))** for the year ended June 30, 2019.

Fund's Performance

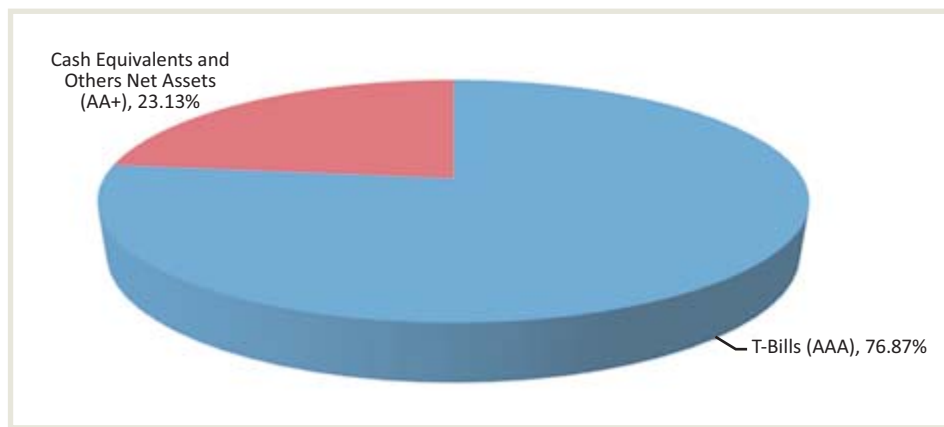
The size of NBP Government Securities Liquid Fund has decreased from Rs. 5,791 million to Rs. 1,931 million during the period, i.e. a drop of 67%. During the said period, the unit price of the Fund has increased from Rs. 9.3804 (Ex-Div) on June 30, 2018 to Rs. 10.1861 on June 30, 2019 thus posting a return of 8.6% as compared to its Benchmark return of 8.7% for the same period. The return of the Fund is net of management fee and all other expenses.

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

During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured by CPI increased from 5.2% in June 2018 to 8.9% in June 2019 due to upward adjustment in energy and fuel prices, higher imported inflation due to currency devaluation, and unabated government borrowing from the SBP. Inflation is expected to remain on the upward trajectory due to excessive government borrowings, significant increase in perishable food prices, volatility in international oil prices, currency devaluation, trickle down impact of expected upward adjustment in utility tariffs, pass-through of taxes, and second round impact of currency devaluation. The sovereign yields also responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bill yields went up by 597 bps, 595 bps, and 593 bps, respectively.

The Fund has earned a total income of Rs. 314.537 million during the year. After deducting total expenses of Rs. 45.042 million, the net income is Rs. 269.495 million.

The asset allocation of NBP Government Securities Liquid Fund as on June 30, 2019 is as follows:



Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 8.076% of the opening ex-NAV (8.22% of the par value) for the year ended June 30, 2019.

Taxation

As the above cash dividend is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, 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 Deloitte Yousuf Adil & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2020.

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 four 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 17 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2019, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none"> 1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque 3. Mr. Humayun Bashir
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> 1. Shaikh Muhammad Abdul Wahid Sethi (Chairman) 2. Mr. Nasir Husain 3. Mr. Abdul Hadi Palekar 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

Director

Date: August 30, 2019
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP گورنمنٹ سیکورٹیز لیکویڈ فنڈ (سابقہ: NAFA گورنمنٹ سیکورٹیز لیکویڈ فنڈ) (NGSLF) کی گیارہویں سالانہ رپورٹ برائے نختہ سال 30 جون 2019ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

فنڈ کی کارکردگی

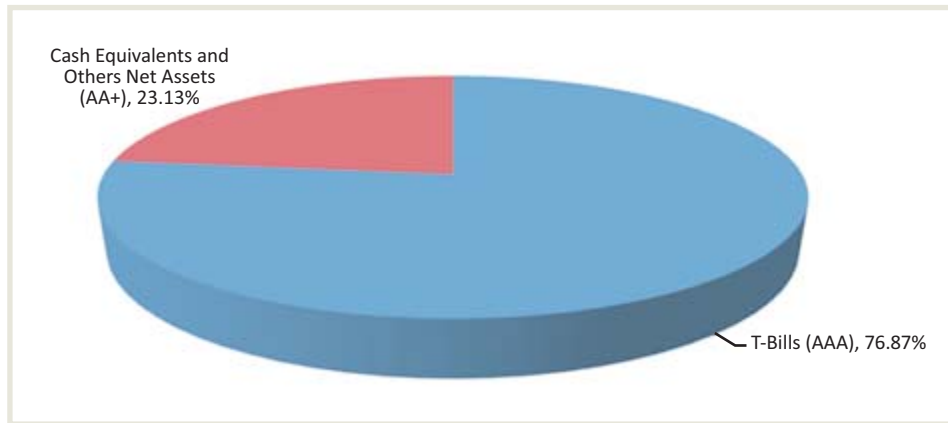
اس مدت کے دوران NBP گورنمنٹ سیکورٹیز لیکویڈ فنڈ (NGSLF) کا سائز 5,791 ملین روپے سے کم ہو کر 1,931 ملین روپے ہو گیا یعنی 67% کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2018 کو 9.3804 روپے (Ex-Div) سے بڑھ کر 30 جون 2019 کو 10.1861 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک 8.7% کے مقابلے میں 8.6% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NGSLF کو PACRA کی طرف سے دی گئی سٹیبلٹی ریٹنگ "AAA(f)" ہے۔ اس ریٹنگ لیگنری میں NGSLF پاکستان میں سب سے بڑا فنڈ ہے۔ یہ ریٹنگ فنڈ کے غیر معمولی مستحکم کریڈٹ اور لیکویڈٹی پر وفاق کی عکاسی کرتی ہے۔ T-Bills اس فنڈ کی بڑی ایسیٹ کلاس ہے۔ مجموعی پورٹ فولیو کی 45 دن کی اوسط مچھوڑی کے ساتھ گورنمنٹ سیکورٹیز (T-Bills) میں کم از کم 70% سرمایہ کاری کے ساتھ فنڈ کے کریڈٹ، لیکویڈٹی اور انٹرنسٹ ریٹ کے خطرات کی زد میں آنے کے امکانات نہ ہونے کے برابر ہیں۔ فنڈ کو زیادہ سے زیادہ چھ ماہ کی مچھوڑی کے ساتھ AA یا زائد ریٹنگ والے ڈیفیس/ڈیفیسوں میں انویسٹ کرنے کی اجازت ہے۔

مالی سال 2019 کے دوران، بینک دولت پاکستان (SBP) نے دو ماہ کے وقفے سے چھ ماہی پالیسی جائزوں کا انعقاد کیا۔ بیرونی اکاؤنٹ کی مشکلات اور درپیش افراط زر کے دباؤ کو دور کرنے کے رجحان SBP نے پالیسی کی شرح 6.50% سے 12.25% تک بڑھادی۔ بجلی اور ایندھن کی قیمتوں میں اضافہ، کرنسی کی قدر کی کمی کے باعث درآمدی افراط زر اور SBP سے بلا تخفیف سرکاری قرضہ لینے کے رجحان کے باعث CPI سے پیکش کردہ افراط زر جون 2018 میں 5.2% سے بڑھ کر جون 2019 میں 8.9% ہو گیا۔ حکومت کی طرف سے ضرورت سے زائد قرضہ لینے، ایشیائے خورد و نوش کی قیمتوں میں نمایاں اضافے، بین الاقوامی تیل کی قیمتوں میں اتار چڑھاؤ، کرنسی کی قدر میں کمی، پوٹی لپیڈ کے نرخوں میں متوقع اضافی ایڈجسٹمنٹ، ٹیکسوں کا بڑھنا اور کرنسی کی قدر میں کمی کے دوسرے دور جیسے اثرات کی وجہ سے افراط زر میں اضافہ متوقع ہے۔ گورنمنٹ بونڈ کے منافع بھی پالیسی کی شرح میں اضافے کے جواب میں بالترتیب 3 ماہ، 6 ماہ اور 12 ماہ کے T-Bills 597bps، 595bps اور 593bps تک بڑھ گئے۔

فنڈ نے سال کے دوران 314.537 ملین روپے کی مجموعی آمدنی کمائی۔ 45.042 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 269.495 ملین روپے ہے۔

30 جون 2019 کو NBP گورنمنٹ سیکورٹیز لیکویڈ فنڈ کی ایسٹ ایلوکییشن درج ذیل ہے۔



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والے سال کے لئے اوپننگ ex-NAV کا 8.076% (بنیادی قیمت کا 8.22%) عبوری نقد یوٹیلٹی کی منظوری دی ہے۔



ٹیکسیشن

درج بالا نقد ڈیویڈنڈ سال کے دوران حاصل ہونے والی آمدنی میں سے سرمایہ کاری پر حاصل ہونے والے محصول شدہ اور غیر محصول شدہ کیپٹل گین منہا کرنے کے بعد 90% ہے، اس لئے فنڈ پر اکریڈٹس آرڈیننس 2001 کے سیکشن 1 کے پارٹ 1 کی شق 99 کے تحت ٹیکس لاگو نہیں ہے۔

آڈیٹرز

موجودہ آڈیٹرز، ممبرز Deloitte یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2020 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1. مینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، یکیش، ہلو اور پونٹ 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۔ شمار یا تئی 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، ڈیویڈنڈ، 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 مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 21 میں کی گئی ہے۔
11. پونٹ ہولڈنگ کا تفصیلی بیٹرن مالیاتی گوشواروں کے نوٹ 20 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، بی ای او، ای ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے پونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 17 میں ظاہر کی گئی ہے۔
13. مینجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدار نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ مینجمنٹ کمپنی ایک غیر فہرست شدہ کمپنی ہونے کے ناطہ کوئی منارنی انٹریسٹ نہیں رکھتی۔

30 جون 2019 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں:

نام	کیٹیگری
<ul style="list-style-type: none"> •1 جناب کمال عامر چٹانے •2 جناب شہر یار فاروق •3 جناب ہمایوں بشیر 	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
<ul style="list-style-type: none"> •1 شیخ محمد عبدالواحد سیٹھی (چیئرمین) •2 جناب ناصر حسین •3 جناب عیدالہادی پالیکر •4 جناب علی سیگل •5 جناب عمران ظفر 	نان ایگزیکٹو ڈائریکٹرز



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

بورڈ اپنے اسٹاف اور آرٹھی 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 مینیجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 30 اگست 2019

مقام: کراچی



TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 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 Liquid Fund (formerly NAFA Government Securities Liquid Fund) (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 26, 2019

FUND MANAGER REPORT

NBP Government Securities Liquid Fund (Formerly; NAFA Government Securities Liquid Fund) (NGSLF) Fund is an Open-End Money Market Scheme.

Investment Objective of the Fund

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

Benchmark

70% 3-Month PKRV & 30% average 3-Month deposit rates of three AA rated banks as selected by MUFAP.

Fund Performance Review

This is the Eleventh Annual report since the launch of the Fund on May 15, 2009. The Fund size decreased by 67% during FY19 and stands at Rs. 1,931 million as on June 30, 2019. The Fund's return since inception is 8.5% p.a versus the benchmark return of 8.5% p.a. The Fund's return for FY19 is 8.6% as against the benchmark return of 8.7%. The return of the Fund is net of management fee and all other expenses.

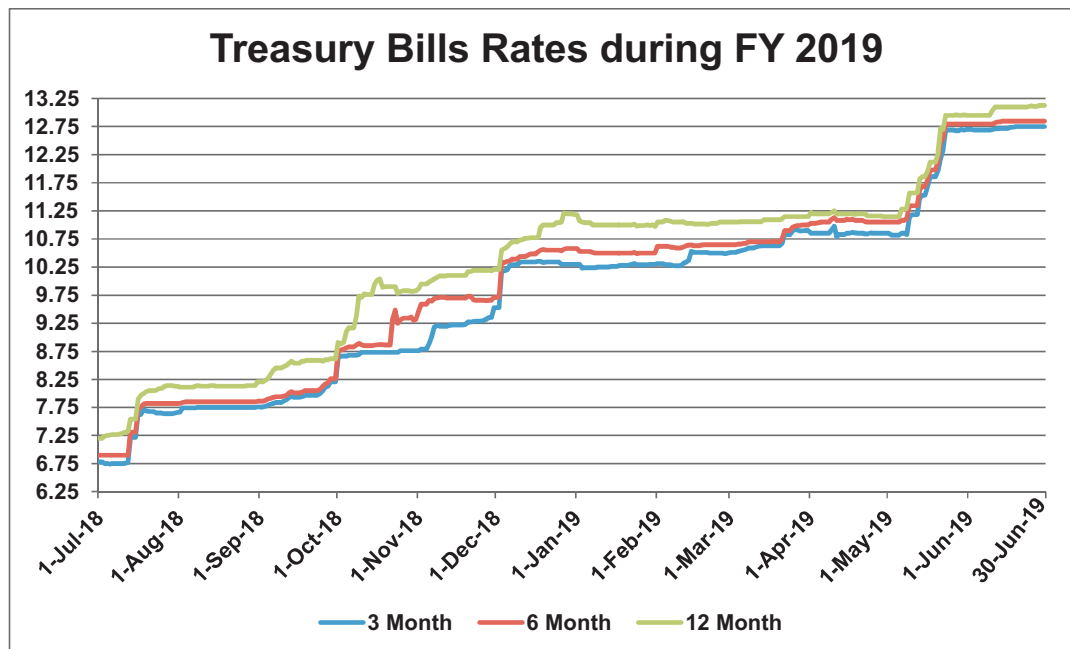
NGSLF's stability rating is 'AAA (f)' awarded by PACRA. NGSLF is the largest Fund in Pakistan in this rating category. The rating reflects exceptionally strong credit and liquidity profile of the Fund. T-Bills are the major asset class of the Fund. Exposure of the Fund to credit, liquidity and interest rate risks are exceptionally low due a minimum 70% investment in Government securities (T-Bill) with average maturity of the overall portfolio at 13 days. The Fund is allowed to invest in AA & above rated Banks/DFIs with maximum maturity of six months.

During FY2019, the State Bank of Pakistan (SBP) held six bi-monthly monetary policy reviews. Aiming to curb the surging demand pressures to address the external account woes and addressing the underlying inflationary pressures, the SBP increased the policy rate from 6.50% to 12.25%. Inflation as measured by CPI increased from 5.2% in June 2018 to 8.9% in June 2019 due to upward adjustment in energy and fuel prices, higher imported inflation due to currency devaluation, and unabated government borrowing from the SBP. Inflation is expected to remain on the upward trajectory due to excessive government borrowings, significant increase in perishable food prices, volatility in international oil prices, currency devaluation, trickle down impact of expected upward adjustment in utility tariffs, pass-through of taxes, and second round impact of currency devaluation. The sovereign yields also responded to increase in the policy rate whereby 3-month, 6-month, and 12-month T-Bill yields went up by 597 bps, 595 bps, and 593 bps, respectively.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-19	30-Jun-18
T-Bills	76.87%	70.56%
Cash equivalents & other net assets	23.13%	29.44%
Total	100%	100%

T-Bills yields during the year are shown in below graph:



Distribution for the Financial Year 2019

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Dec-18	3.401%	10.5020	10.1619
Jan-19	1.022%	10.2641	10.1619
Feb-19	0.751%	10.2370	10.1619
Mar-19	0.737%	10.2356	10.1619
Apr-19	0.755%	10.2374	10.1619
May-19	0.777%	10.2396	10.1619
Jun-19	0.764%	10.2383	10.1619

NBP GOVERNMENT SECURITIES LIQUID FUND (FORMERLY ; NAFA GOVERNMENT SECURITIES LIQUID FUND)



Unit Holding Pattern of NBP Government Securities Liquid Fund (Formerly; NAFA Government Securities Liquid Fund) as on June 30, 2019:

Size of Unit Holding (Units)	# of Unit Holders
1-1000	854
1001-5000	206
5001-10000	66
10001-50000	157
50001-100000	94
100001-500000	117
500001-1000000	21
1000001-5000000	12
5000001-10000000	1
10000001-100000000	4
100000001-1000000000	-
Total	1,532

During the period under question:

There has been no significant change in the state of affairs of the Fund. NBP Government Securities Liquid Fund (Formerly; NAFA Government Securities Liquid Fund) does not have any soft commission arrangement with any broker in the industry.

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 17.697 Million. If the same were not made the NAV per unit/FY19 return of scheme would be higher by Rs. 0.0933 / 0.92%. For details investors are advised to read note 10.1 of the Financial Statement of the Scheme for the year ended June 30, 2019.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the unit holders of NBP Government Securities Liquid Fund (formerly NAFA Government Securities Liquid Fund)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NBP Government Securities Liquid Fund (formerly NAFA Government Securities Liquid Fund) (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and 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, 2019, 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 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 period. These matters were 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 these matters.

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investments</p> <p>Investments held at fair value through profit or loss are disclosed in note 5 to the financial statements and represent significant portion of the net assets of the Fund.</p> <p>The Fund's primary activity is, inter alia, to invest in government securities which is the main driver of the Fund's performance.</p> <p>Considering the above factors, the valuation and existence of investments are significant areas during our audit due to which we have considered this as a key audit matter.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none"> obtained understanding of relevant controls placed by the Management Company applicable to the balance; independently verified existence of investments from Investor Portfolio Services (IPS) account statement; performed test of details on sale, purchase and maturity of investments on a sample basis; tested valuation of investments; and any differences identified during our testing that were over our acceptable threshold were investigated further.

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 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.

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.

Those Charged with Governance 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 Mr. Naresh Kumar.

Deloitte Yousuf Adil
Chartered Accountants

Date: September 29, 2019
Place: Karachi

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

	Note	2019 -----Rupees in '000-----	2018
ASSETS			
Bank balances	4	1,985,384	5,847,133
Investments	5	1,484,649	4,085,686
Mark-up accrued		8,108	5,969
Advances and prepayments	6	10,219	9,978
Receivable against transfer of units		-	453
Total assets		3,488,360	9,949,219
LIABILITIES			
Payable to NBP Fund Management Limited - Management Company	7	2,848	5,275
Payable to Central Depository Company of Pakistan Limited - Trustee	8	204	464
Payable to the Securities and Exchange Commission of Pakistan	9	2,619	3,744
Payable against purchase of investments		1,484,649	4,088,135
Payable against redemption of units		2	26
Accrued expenses and other liabilities	10	66,706	60,963
Total liabilities		1,557,028	4,158,607
NET ASSETS		1,931,332	5,790,612
UNIT HOLDERS' FUND (as per statement attached)		1,931,332	5,790,612
Contingencies and commitments	11		
		-----Number of units-----	
Number of units in issue	12	189,603,859	541,249,141
		-----Rupees-----	
Net asset value per unit		10.1861	10.6986

The annexed notes from 1 to 27 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NBP GOVERNMENT SECURITIES LIQUID FUND (FORMERLY; NAFA GOVERNMENT SECURITIES LIQUID FUND)



INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Note	-----Rupees in '000-----	
INCOME		
Income from government securities	231,890	218,973
Profit on bank deposits	61,848	60,961
Income from term deposit receipts	-	17,999
Income from certificates of investment	-	6,411
Income from money market placements	25,681	6,549
Net loss on sale of investments	(4,882)	(1,305)
Net unrealised loss on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	5.3 -	(2,449)
Total income	314,537	307,139
EXPENSES		
Remuneration of NBP Fund Management Limited - Management Company	7.1 24,769	26,055
Sindh Sales Tax on remuneration of the Management Company	7.2 3,220	3,387
Reimbursement of operational expenses to the Management Company	7.3 3,493	4,992
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1 3,369	4,494
Sindh Sales Tax on remuneration of the Trustee	8.2 438	584
Annual fee to the Securities and Exchange Commission of Pakistan	9.1 2,619	3,744
Auditors' remuneration	13 745	692
Securities transaction costs	9	38
Bank charges	314	275
Annual Listing fee	27	28
Mutual fund rating fee	482	395
Legal and professional charges	52	37
Other charges	5	42
Total expenses	39,542	44,763
Net income from operating activities	274,995	262,376
Provision for Sindh Workers' Welfare Fund	(5,500)	(5,248)
Net income for the year before taxation	269,495	257,128
Taxation	14 -	-
Net income for the year after taxation	269,495	257,128
Earnings per unit		
Allocation of net income for the year		
Net income for the year after taxation	269,495	257,128
Income already paid on units redeemed	(89,019)	(74,387)
	180,476	182,741
Accounting income available for distribution:		
- Relating to capital gain	-	-
- Excluding capital gain	180,476	182,741
	180,476	182,741

The annexed notes from 1 to 27 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 YEAR ENDED JUNE 30, 2019

	2019	2018
	----- Rupees in '000 -----	
Net income for the year after taxation	269,495	257,128
Other comprehensive income	-	-
Total comprehensive income for the year	269,495	257,128

The annexed notes from 1 to 27 form an integral part of these financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NBP GOVERNMENT SECURITIES LIQUID FUND (FORMERLY; NAFA GOVERNMENT SECURITIES LIQUID FUND)



NBP FUNDS
Managing Your Savings

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2019

	2019			2018		
	(Rupees in '000)					
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at the beginning of the year	5,514,312	276,300	5,790,612	4,504,670	93,559	4,598,229
Issuance of 362,190,990 units (2018: 533,012,141 units)						
- Capital value	3,680,549	-	3,680,549	5,416,151	-	5,416,151
- Element of income	52,484	-	52,484	152,158	-	152,158
Total proceeds on issuance of units	3,733,033	-	3,733,033	5,568,309	-	5,568,309
Redemption of 713,836,272 units (2018: 444,283,963 units)						
- Capital value	(7,253,933)	-	(7,253,933)	(4,514,506)	-	(4,514,506)
- Element of loss	(41,831)	(89,019)	(130,850)	(44,161)	(74,387)	(118,548)
Total payments on redemption of units	(7,295,764)	(89,019)	(7,384,783)	(4,558,667)	(74,387)	(4,633,054)
Total comprehensive income for the year	-	269,495	269,495	-	257,128	257,128
Final distribution for the year ended June 30, 2018 @ Re. 0.5367 / unit declared on July 04, 2018 (2017: Nil)						
- Cash distribution	-	(182,581)	(182,581)	-	-	-
- Refund of capital	(107,908)	-	(107,908)	-	-	-
	(107,908)	(182,581)	(290,489)	-	-	-
Interim distribution @ Re. 0.3401 / unit declared on December 21, 2018 (2017: Nil)						
- Cash distribution	-	(75,736)	(75,736)	-	-	-
- Refund of capital	(8,842)	-	(8,842)	-	-	-
Interim distribution @ Re. 0.1022 / unit declared on January 29, 2019 (2018: Nil)						
- Cash distribution	-	(26,068)	(26,068)	-	-	-
- Refund of capital	(679)	-	(679)	-	-	-
Interim distribution @ Re. 0.0751 / unit declared on February 27, 2019 (2018: Nil)						
- Cash distribution	-	(16,661)	(16,661)	-	-	-
- Refund of capital	(98)	-	(98)	-	-	-
Interim distribution @ Re. 0.0737 / unit declared on March 29, 2019 (2018: Nil)						
- Cash distribution	-	(15,535)	(15,535)	-	-	-
- Refund of capital	(293)	-	(293)	-	-	-
Interim distribution @ Re. 0.0755 / unit declared on April 26, 2019 (2018: Nil)						
- Cash distribution	-	(13,766)	(13,766)	-	-	-
- Refund of capital	(205)	-	(205)	-	-	-
Interim distribution @ Re. 0.0777 / unit declared on May 30, 2019 (2018: Nil)						
- Cash distribution	-	(14,256)	(14,256)	-	-	-
- Refund of capital	(146)	-	(146)	-	-	-
Interim distribution @ Re. 0.0764 / unit declared on June 24, 2019 (2018: Nil)						
- Cash distribution	-	(14,056)	(14,056)	-	-	-
- Refund of capital	(195)	-	(195)	-	-	-
	(10,458)	(176,078)	(186,536)	-	-	-
Net assets at the end of the year	1,833,215	98,117	1,931,332	5,514,312	276,300	5,790,612
Undistributed income brought forward						
- Realised		278,749			94,876	
- Unrealised		(2,449)			(1,317)	
		<u>276,300</u>			<u>93,559</u>	
Accounting income available for distribution						
- Relating to capital loss		-			-	
- Excluding capital gain		180,476			182,741	
		<u>180,476</u>			<u>182,741</u>	
Final distribution for the year ended June 30, 2018		(182,581)			-	
Interim distributions made during the year		(176,078)			-	
		<u>(358,659)</u>			<u>-</u>	
Undistributed income carried forward		98,117			276,300	
Undistributed income carried forward						
- Realised		98,117			278,749	
- Unrealised		-			(2,449)	
		<u>98,117</u>			<u>276,300</u>	
			- (Rupees) -			- (Rupees) -
Net assets value per unit at beginning of the year			<u>10.6986</u>			<u>10.1614</u>
Net assets value per unit at end of the year			<u>10.1861</u>			<u>10.6986</u>

The annexed notes from 1 to 27 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 YEAR ENDED JUNE 30, 2019

Note	2019 ----- Rupees in '000 -----	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	269,495	257,128
Adjustments		
Profit on bank deposits	(61,848)	(60,961)
Income from term deposit receipts	-	(17,999)
Income from certificates of investment	-	(6,411)
Income from money market placements	(25,681)	(6,549)
Net loss on sale of investments	(4,882)	(1,305)
Net unrealised loss on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	-	2,449
Provision for Sindh Workers' Welfare Fund	5,500	5,248
	<u>182,584</u>	<u>171,600</u>
Decrease / (increase) in assets		
Investments - net	2,605,919	(2,078,802)
Advances and prepayments	(241)	199
	<u>2,605,678</u>	<u>(2,078,603)</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	(2,427)	(2,871)
Payable to Central Depository Company of Pakistan Limited - Trustee	(260)	(12)
Payable to the Securities and Exchange Commission of Pakistan	(1,125)	(216)
Payable against purchase of Investments	(2,603,486)	2,078,790
Accrued expenses and other liabilities	243	(52,107)
	<u>(2,607,055)</u>	<u>2,023,584</u>
	<u>181,207</u>	<u>116,581</u>
Return of bank balances received	59,709	55,321
Return on term deposit receipts received	-	17,999
Return on certificate of investments received	-	6,411
Return on letter of placements received	25,681	6,549
	<u>85,390</u>	<u>86,280</u>
Net cash generated from operating activities	266,597	202,861
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash generated from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units net of capital value of distribution	3,615,120	5,567,977
Amount paid on redemption of units	(7,384,807)	(4,633,509)
Dividend Paid	(358,659)	(7,189)
Net cash generated / (used in) from financing activities	(4,128,346)	927,279
Net increase / (decrease) in cash and cash equivalents during the year	(3,861,749)	1,130,140
Cash and cash equivalents at beginning of the year	5,847,133	4,716,993
Cash and cash equivalents at end of the year	4 <u>1,985,384</u>	<u>5,847,133</u>

The annexed notes from 1 to 27 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 YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

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

During the year on May 30, 2019, the name of the Fund has been changed from NAFA Government Securities Liquid Fund to NBP Government Securities Liquid Fund. The change of name was made effective vide Fund's fifth supplement Offering document which was approved by SECP vide its letter no. SCD/AMCW/NAFA/430/2019 dated May 30, 2019

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

The Fund is an open-ended mutual fund and is listed on the 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 categorised as an Open-End "Money Market Scheme" as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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) 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

IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

These financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 Adoption of new standards, amendments and interpretations to the published approved accounting standards:

2.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. 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, except for the impact of IFRS 9 (Refer note 3.2).

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date (Refer note. 3.2).	July 01, 2018
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

2.4.2 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 Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Effective from accounting period beginning on or after:

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

Effective from accounting period beginning on or after:

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

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:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying Fund's accounting policies. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

In the process of applying Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (a) classification of financial assets (Note 3.2.1 and 3.19.1)
- (b) impairment of financial assets (Note 3.2.5 and 3.19.4)
- (c) provisions (Note 3.12)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements (except note 3.2) are set out below.

3.1 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.2 Adoption of IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Fund. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

IFRS 9 introduces new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

3.2.1 Classification and measurement

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

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

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

Financial Asset at FVOCI

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

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

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

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss

Business Model Assessment

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Considering above, the Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The evaluation of the performance of the Fund has been performed on fair value basis for the entire portfolio, as reporting to the key management personnel and to the investors in the form of net asset value (NAV). The investment portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all the investments are measured at fair value through profit or loss. For other financial assets which are held for collection continue to be measured at amortised cost.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

The SECP has, through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017, deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per old framework	New classification as per IFRS 9	Original carrying value as per old framework	Original classification as per old framework
Financial assets				
Rupees in '000				
Bank balances	LR	AC	5,847,133	5,847,133
Mark-up accrued	LR	AC	5,969	5,969
Receivable against transfer of units	LR	AC	453	453
Government Treasury bills	HFT	FVTPL	4,085,686	4,085,686
Financial liabilities				
Payable to NBP Fund Management Limited - Management Company	OFL	AC	5,275	5,275
Payable to Central Depository Company of Pakistan Limited - Trustee	OFL	AC	464	464
Payable against purchase of Investments	OFL	AC	4,088,135	4,088,135
Payable against redemption of units	OFL	AC	26	26
Accrued expenses and other liabilities	OFL	AC	1,583	1,583
Net assets attributable to redeemable units	OFL	AC	5,790,612	5,790,612

"LR" is loans and receivables
"AC" is amortised cost
"HFT" is held for trading
"FVTPL" is fair value through profit or loss
"OFL" is other financial liabilities

3.3 Fair value measurement principles and provision

Basis of valuation of debt securities

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of government securities

The 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 (PKIRSV rates) which are based on the remaining tenor of the securities.

3.4 Impairment of non-financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. 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 its recoverable amount. Impairment losses are recognised in the income statement. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

3.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.6 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.7 Regular way contracts

All regular purchases / sales of financial assets are recognised on the trade date i.e. the date that the Fund commits to purchases / sell the assets.

3.8 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

3.9 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset 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. Sales load collected, if any, is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset 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.

3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

Element of income / (loss) represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period.

Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net assets value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

On redemption of units, element of income is paid on units redeemed from element of income contributed by unit holders on issue of units (i.e. return of capital) or the element of income is paid from the income earned by the fund or the element of income is partly paid out of element of income contributed by unit holders (i.e. return of capital) and partly from the income earned by the fund.

3.11 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.

3.12 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Mark-up / return on bank balances and term deposits, government securities, letter of placement and certificate of investments are recognised on a time apportionment basis using the effective interest method.

3.13 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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

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.

3.14 Distributions to the unit holders

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

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

3.15 Expenses

All expenses including remuneration of the Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognized in the Income Statement as and when incurred.

3.16 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.

3.17 Transition to IFRS 9 Financial Instruments

Accounting policies applied to financial instruments prior to July 01, 2018.

Financial assets

3.17.1 Classification

The management of the Fund determines appropriate classification of investments at the time of purchase and classifies these investments at fair value through profit or loss, loans and receivables or available-for-sale.

a) Investments at fair value through profit or loss - held-for-trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short term profit making exists.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3.17.2 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the 'income statement'.

3.17.3 Subsequent measurement

a) Financial assets as 'at fair value through profit or loss'

1) Government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss - held for trading' are taken to the 'income statement'.

b) Loans and receivables

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method. Gains or losses are also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.17.4 Impairment of financial assets

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized whenever, the carrying amount of an asset exceeds its recoverable amount. impairment losses are recognized in the 'income statement'.

Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the impairment is the difference between the assets carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

There is no provision required on government securities as these are secured by sovereign Government guarantee.

	Note	2019	2018
-----Rupees in '000-----			
4. BANK BALANCES			
Current accounts	4.1	4,675	9,411
Savings accounts	4.2 & 4.3	1,980,709	5,837,722
		<u>1,985,384</u>	<u>5,847,133</u>

4.1 These include bank balances of Rs. 0.026 million and Rs. 4.64 million (June 30, 2018: Rs. 1.13 million and Rs. 8.28 million), maintained with National Bank of Pakistan and Summit Bank Limited (related parties) respectively.

4.2 These accounts carry rates of return ranging from 3.00% to 13.85% (30 June 2018: 2.75% to 7.50%) per annum.

	Note	2019	2018
-----Rupees in '000-----			
5. INVESTMENTS			
At fair value through profit or loss			
Government securities - Market Treasury Bills	5.1	<u>1,484,649</u>	<u>4,085,686</u>

5.1 Investment in Government securities - Market Treasury bills

Issue Date	Tenor	Face value				Market value as at June 30, 2019	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2018	Purchases during the year	Sales / matured during the year	As at June 30, 2019			
						Rupees in '000'	-----	%
April 26, 2018	3 Months	4,100,000	1,200,000	5,300,000	-	-	-	-
June 7, 2018	3 Months	-	200,000	200,000	-	-	-	-
July 19, 2018	3 Months	-	5,095,000	5,095,000	-	-	-	-
August 2, 2018	3 Months	-	255,000	255,000	-	-	-	-
October 11, 2018	3 Months	-	5,880,400	5,880,400	-	-	-	-
December 6, 2018	3 Months	-	6,812,700	6,812,700	-	-	-	-
February 14, 2019	3 Months	-	4,160,000	4,160,000	-	-	-	-
May 9, 2019	3 Months	-	2,969,300	1,469,300	1,500,000	1,484,649	76.87%	100.00%
May 23, 2019	3 Months	-	200,000	200,000	-	-	-	-
March 14, 2019	3 Months	-	200,000	200,000	-	-	-	-
April 11, 2019	3 Months	-	263,430	263,430	-	-	-	-
		4,100,000	27,235,830	29,835,830	1,500,000	1,484,649	76.87%	100%

Carrying value before mark to market as at June 30, 2019

1,484,649

5.2 This carry a rate of return of 12.58% (2018: 6.62%) per annum.

5.3 Net unrealised (loss) on re-measurement of investment classified as 'financial assets at fair value through profit or loss'

	Note	2019 -----Rupees in '000-----	2018 -----
Market value of investments	5.1	1,484,649	4,085,686
Less: carrying value of investments before mark to market	5.1	(1,484,649)	(4,088,135)
		<u>-</u>	<u>(2,449)</u>

6. ADVANCES AND PREPAYMENTS

Advance tax	9,978	9,978
Prepaid annual rating fee	241	-
	<u>10,219</u>	<u>9,978</u>

7. PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	7.1	1,558	2,525
Sindh Sales Tax on remuneration of the Management Company	7.2	202	328
Operational expenses	7.3	1,088	2,422
		<u>2,848</u>	<u>5,275</u>

- 7.1 Under the provisions of the Non-Banking Finance Companies and Notifies Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the Fund is entitled to a remuneration which has been changed by the SECP in previous years. As per the latest notification of SECP i.e. S.R.O 1160(1)/2015 the applicable rate has been changed from 2% to 1% of the average net assets.

Considering above requirement, management has made the policy for charging management remuneration as per the higher of below table

Management remuneration as % of net income*	Minimum management remuneration (as % of average net asset value)	Maximum management remuneration (as % of average net asset value)
8.00%	0.50%	1.00%

* Net income = Gross income - all expenses of the Fund excluding Management remuneration and related Sales Tax and Federal Excise Duty thereon.

Management remuneration is paid on a monthly basis in arrears.

- 7.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 7.3 This represents reimbursement of certain expenses to the Management Company. As per Regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2019 -----Rupees in '000-----	2018
Remuneration of the Trustee	8.1	181	411
Sindh Sales Tax on remuneration of the Trustee	8.2	23	53
		<u>204</u>	<u>464</u>

- 8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

Tariff structure applicable to the Fund as at June 30, 2019 is as follows:

Net asset value	Tariff per annum
Upto Rs 1,000 million	0.15% per annum of net asset value
On an amount exceeding Rs. 1,000 million to 10,000 million asset value exceeding Rs 1,000 million	Rs 1.5 million plus 0.075% per annum of net
On an amount exceeding Rs. 10,000 million asset value exceeding Rs 10,000 million.	Rs 8.25 million plus 0.06% per annum of net

- 8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2018: 13%) on remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

9.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "money market scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075% of the average annual net assets of the Fund. The fee is paid annually in arrears.

		2019	2018
	Note	-----Rupees in '000-----	
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	10.1	17,697	12,197
Federal Excise Duty on management remuneration	10.2 & 10.3	45,779	45,779
Auditors' remuneration		547	529
Brokerage		169	239
Bank charges		18	36
Withholding tax		1,885	269
Capital gain tax		76	1,135
Legal Charges		16	30
Others		519	749
		66,706	60,963

10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

As at June 30, 2019, the provision in relation to SWWF amounted to Rs. 17.697 million (2018: Rs. 12.197 million). Had the provision not being made, the Net Asset Value per unit as at June 30, 2019 would have been higher by Rs. 0.0933 (June 30, 2018: Rs. 0.0225) per unit.

10.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated July 16, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Further, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED aggregating to Rs. 45.779 million as at June 30, 2019.

Had the provision not been made, the net asset value per unit as at June 30, 2019 would have been higher by Rs. 0.2414 per unit (2018: Rs. 0.0846 per unit).

- 10.3** The amount of FED accrued on remuneration of the Management Company will be paid via Management Company to the Taxation authority, if required.

11. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at June 30, 2019 and June 30, 2018.

12. NUMBER OF UNITS IN ISSUE

	2019	2018
	-----Number of units-----	
Total units in issue at the beginning of the year	541,249,141	452,520,963
Add: units issued	362,190,990	533,012,141
Less: units redeemed	(713,836,272)	(444,283,963)
Total units in issue at the end of the year	<u>189,603,859</u>	<u>541,249,141</u>

13. AUDITORS' REMUNERATION

	2019	2018
	-----Rupees in '000-----	
Annual audit fee	400	365
Half yearly review	160	146
Out of pocket expenses and others including government levies	185	181
	<u>745</u>	<u>692</u>

14. TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). The Fund has distributed such accounting income for the year ended June 30, 2019 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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

15. EARNINGS PER UNIT

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

16. TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets for the year) is 1.29% per annum including 0.34% representing government levies on collective investment scheme such as sales tax, worker's welfare fund and Securities and Exchange Commission of Pakistan fee for the year.

17. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

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

17.2 The transactions with connected persons and related parties are carried at agreed terms.

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

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

	2019	2018
	----- Rupees in '000 -----	
17.5 Transactions during the year		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	24,769	26,055
Sindh Sales Tax on remuneration of the Management Company	3,220	3,387
Reimbursement of operational expenses to the Management Company	3,493	4,992
National Bank of Pakistan (Parent of the Management Company)		
Market Treasury Bills purchased	-	10,640,317
Market Treasury Bills sold	-	2,241,560
Bank profit earned in savings account	384	288
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	3,369	4,494
Sindh sales tax on remuneration of the Trustee	438	584
Askari Bank Limited (Common Directorship with the Management Company)		
Bank profit earned in savings account	-	110
Muhammad Murtaza Ali (Company Secretary of the Management Company)		
Re-investment of dividend 1,036 units (2018: Nil units)	11	-
Units issued / transferred in 188,109 units (2018: 127,679 units)	1,871	1,356
Units redeemed / transferred out 315,519 units (2018: 156,662 units)	3,257	1,651
NAFA Provident Fund Trust - Provident Fund		
Units issued / transferred in 3,288 units (2018: 166,345 units)	4	1,766
Units redeemed / transferred out 68,103 units (2018:101,530 units)	707	1,085

NBP GOVERNMENT SECURITIES LIQUID FUND (FORMERLY ; NAFA GOVERNMENT SECURITIES LIQUID FUND)



NBP FUNDS
Managing Your Savings

	2019	2018
	----- Rupees in '000 -----	
Employees of the Management Company		
Re-investment of dividend 9,769 units (2018: Nil units)	99	-
Units issued / transferred in 816,236 units (2018: 294,838 units)	8,308	3,121
Units redeemed / transferred out 605,469 units (2018: 286,136 units)	6,219	3,039
NBP Employees Pension Fund - (Subsidiary of Parent Company)		
Re-investment of dividend 2,204,210 units (2018: Nil units)	22,409	-
Mutual Fund Association of Pakistan - MUFAP (Member)		
Re-investment of dividend 9,155 units (2018: Nil units)	93	-
Units issued / transferred in 59 units (2018: 2,495 units)	-	26
Units redeemed / transferred out 103,782 units (2018: 281,357 units)	1,062	2,950
Portfolios managed by the Management Company		
Units redeemed / transferred out Nil units (2018: 1,939,611 units)	-	20,013
Market Treasury Bills purchased	25,012	-
Market Treasury Bills sold	22,628	2,187,329
NBP Leasing Limited Employees Provident Fund - (Subsidiary of Parent Company)		
Units redeemed / transferred out Nil units (2018:484,014 units)	-	4,936
NBP Endowment Fund Students Loan Scheme - (Subsidiary of Parent Company)		
Re-investment of dividend 371,732 units (2018: Nil units)	3,780	-
Units issued / transferred in 209 units (2018: Nil units)	-	-
Units redeemed / transferred out 5,199,570 units (2018: 80,999,982 units)	53,200	83,500
Faruque Private Limited - (Common Directorship with the Management Company)		
Re-investment of dividend 175 units (2018: Nil units)	2	-
Units issued / transferred in 34 units (2018: 1,714 units)	-	18
*Punjab Police Welfare Fund (Unit holder of 10% or more of units of the Fund)		
Units issued / transferred in Nil units (2018: 75,444,908 units)	-	794,254
*Pakistan Mobile Communication Limited (Unit holder of 10% or more of units of the Fund)		
Units issued / transferred in Nil units (2018: 83,465,012 units)	-	885,000
Units redeemed / transferred out Nil units (2018: 16,167,386 units)	-	172,949
*Millat Tractors Ltd (Unit holder of 10% or more of units of the Fund)		
Units issued / transferred in Nil units (2018: 7,676 units)	-	80
**K & N S FOODS Private Limited (Unit holder of 10% or more of units of the Fund)		
Re-investment of dividend 6,128,785 units (2018: Nil units)	62,310	-
**Asian Securities Limited (Unit holder of 10% or more of units of the Fund)		
Cash Dividend	32,364	-
Units redeemed / transferred out 15,055,723 units (2018: Nil units)	153,417	-

	2019	2018
	----- Rupees in '000 -----	
17.6 Amounts outstanding as at year end are as follows:		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	1,558	2,525
Sindh Sales Tax on remuneration of the Management Company	202	328
Operational expenses	1,088	2,422
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	181	411
Sindh Sales Tax on remuneration of the Trustee	23	53
National Bank of Pakistan (Parent of the Management Company)		
Bank balance	5,137	7,020
Bank profit receivable	67	-
Chief Operating Officer & Company Secretary		
Investment held in the Fund: 2,431 units (2018: 128,805 units)	25	1,378
Summit Bank Limited (Common Directorship with the Management Company)		
Bank balance	4,649	8,278
Askari Bank Limited (Common Directorship with the Management Company)		
Bank balance	138	498
Bank profit receivable	2	9
NAFA Provident Fund Trust - Provident Fund		
Investment held in the Fund: Nil units (2018:64,815 units)	-	693
Employees of the Management Company		
Investment held in the Fund: 231,355 units (2018:10,767 units)	2,357	115
NBP Employees Pension Fund - (Subsidiary of Parent Company)		
Investment held in the Fund: 21,320,842 units (2018: 19,115,655 units)	217,176	204,511
NBP Endowment Fund Students Loan Scheme - (Subsidiary of Parent Company)		
Investment held in the Fund: 20,187 units (2018: 4,847,816 units)	206	51,865
Mutual Fund Association of Pakistan - MUFAP (Member)		
Investment held in the Fund: Nil units (2018: 94,569 units)	-	1,012
Faruque Private Limited - (Common Directorship with the Management Company)		
Investment held in the Fund: 1,923 units (2018: 1,714 units)	20	18

NBP GOVERNMENT SECURITIES LIQUID FUND (FORMERLY ; NAFA GOVERNMENT SECURITIES LIQUID FUND)



	2019	2018
	----- Rupees in '000 -----	
*Millat Tractors Limited (Unit holder of 10% or more of units of the Fund)		
Investment held in the Fund: Nil units (2018:54,158,759 units)	-	579,423
*Punjab Police Welfare Fund (Unit holder of 10% or more of units of the Fund)		
Investment held in the Fund: Nil units (2018:75,444,908 units)	-	807,155
*Pakistan Mobile Communication Limited (Unit holder of 10% or more of units of the Fund)		
Investment held in the Fund: Nil units (2018: 67,297,625 units)	-	719,990
**K & N S FOODS Private Limited (Unit holder of 10% or more of units of the Fund)		
Investment held in the Fund: 57,877,769 units (2018: Nil units)	589,549	-
**Asian Securities Limited (Unit holder of 10% or more of units of the Fund)		
Investment held in the Fund: 19,508,682 units (2018: Nil units)	198,717	-

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

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

18. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S.No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	Doctorate in Business Administration, MBA and CFA	31
2	Mr. Sajjad Anwar	MBA and CFA	19
3	Mr. Muhammad Ali Bhabha	CFA, FRM, MBA and MS(CS)	24
4	Mr. Hasan Raza	ACCA, BSC and CFA	8
5	Mr. Taha Khan Javed	MBA and CFA	13

18.1 Mr. Muhammad Ali Bhabha is the manager of the Fund. Other Funds being managed by the Fund manager are as follows:

- NBP Income Opportunity Fund (Formerly NAFA Income Opportunity Fund)
- NAFA Government Securities Savings Fund
- NBP Money Market Fund (Formerly NAFA Money Market Fund)
- NBP Mahana Amdani Fund (Formerly NAFA Savings Plus Fund)
- NBP Financial Sector Income Fund (Formerly NAFA Financial Sector Income Fund)
- NBP Islamic Saving Fund (Formerly NAFA Islamic Income Fund)
- NBP Riba Free Savings Fund (Formerly NAFA Riba Free Savings Fund)
- NBP Islamic Money Market Fund (Formerly NAFA Islamic Money Market Fund)
- NBP Savings Fund (Formerly NAFA Income Fund)
- NBP Active Allocation Riba Free Savings Fund (Formerly NAFA Active Allocation Riba Free Savings Fund)
- NBP Government Securities Fund - I
- NBP Islamic Mahana Amdani Fund (Formerly NBP Aitemaad Mahana Amdani Fund)

19. TRANSACTIONS WITH BROKERS / DEALERS

List of brokers by percentage of commission charged during the year ended June 30, 2019

S.No.	Particulars	Percentage
1	Invest One Markets Limited	70.55%
2	C & M Management Pvt. Limited	29.45%

List of brokers by percentage of commission charged during the year ended June 30, 2018

S.No.	Particulars	Percentage
1	Bright Capital (Private) Limited	26.06%
2	Invest Capital Markets Limited	21.34%
3	Next Capital Limited	18.01%
4	First Capital Securities Corporation Limited	11.15%
5	BMA Capital Management Limited	9.85%
6	EFG Hermes Pakistan Limited	6.87%
7	Vector Capital (Private) Limited	2.40%
8	Continental Exchange (Private) Limited	2.23%
9	Arif Habib Securities Limited	2.09%

20. PATTERN OF UNIT HOLDING

Category	As at June 30, 2019		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
	(Rupees in '000)		
Individuals	1,456	508,389	26.32%
Associated Companies and Directors	3	217,382	11.26%
Insurance Companies	1	2,280	0.12%
Retirement Funds	13	48,525	2.51%
Public Limited Companies	5	3,766	0.19%
Others	54	1,150,989	59.60%
	1,532	1,931,331	100.00%

Category	As at June 30, 2018		
	Number of unit holders	Net asset value of the amount invested	Percentage of total investment
	(Rupees in '000)		
Individuals	1,304	705,433	12.19%
Associated Companies and directors	3	257,069	4.44%
Insurance companies	1	2,783	0.05%
Retirement funds	21	166,968	2.89%
Banks	1	-	0.01%
Public limited companies	8	1,388,225	23.98%
Others	71	3,270,134	56.48%
	1,409	5,790,612	100%

21. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 68th, 69th, 70th and 71st Board meetings were held on September 5, 2018, October 30, 2018, February 25, 2019 and April 26, 2019, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of the Director	Number of meetings			Meetings not attended
	Held	Attended	Leave	
Mudassir H. Khan *	2	1	1	69th
Tariq Jamali *	2	0	2	68th & 69th
Abdul Hadi Palekar	4	3	1	70th
Foo Chiah Chinug (Dr. Kelvin Foo) *	2	1	1	69th
Kamal Amir Chinoy	4	3	1	70th
Shehryar Faruque	4	3	1	68th
Hamayun Bashir	4	4	-	-
Wajahat Rasul Khan *	2	2	-	-
Dr. Amjad Waheed	4	4	-	-
Mr. Shaikh Muhammad Abdul Wahid Sethi *	2	2	-	-
Mr. Nasir Husain *	2	2	-	-
Mr. Ali Saigol *	2	2	-	-
Mr. Imran Zaffar *	2	2	-	-

21.1. Mr. Shaikh Muhammad Abdul Wahid Sethi, Mr. Nasir Husain, Mr. Ali Saigol and Mr. Imran Zaffar were appointed as directors on Board with effect from December 17, 2018

21.2. Mr. Foo Chiah Chiung (Dr. Kelvin Foo), Mr. Wajahat Rasul Khan, Mr. Mudassir H. Khan and Mr. Tariq Jamali resigned from the Board with effect from October 17, 2018 however, approved by the SECP on January 18, 2019.

* These directors were appointed and retired / resigned during the year, therefore the number of meetings held in respect of these directors is less than the total number of meetings held during the year.

22. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2019

At amortized cost	At fair value through profit or loss	Total
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-----Rupees in '000-----

Financial Assets

Bank balances	1,985,384	-	1,985,384
Investment	-	1,484,649	1,484,649
Mark-up accrued	8,108	-	8,108
	1,993,492	1,484,649	3,478,141

As at June 30, 2019

At amortized cost	At fair value through profit or loss	Total
-------------------------	--	-------

-----Rupees in '000-----

Financial Liabilities

Payable to the Management Company	2,848	-	2,848
Payable to the Trustee	204	-	204
Payable against purchase of investments	1,484,649	-	1,484,649
Payable against redemption of units	2	-	2
Accrued expenses and other liabilities	1,269	-	1,269
Net assets attributable to redeemable units	1,931,332	-	1,931,332
	3,420,304	-	3,420,304

As at June 30, 2018

Loans and receivables	At fair value through profit or loss - held for trading	Total
--------------------------	--	-------

-----Rupees in '000-----

Financial Assets

Bank balances	5,847,133	-	5,847,133
Investments	-	4,085,686	4,085,686
Mark-up accrued	5,969	-	5,969
Receivable against transfer of units	453	-	453
	5,853,555	4,085,686	9,939,241

As at June 30, 2018

At amortized cost	At fair value through profit or loss - held for	Total
-------------------------	--	-------

-----Rupees in '000-----

Financial Liabilities

Payable to the Management Company	5,275	-	5,275
Payable to the Trustee	464	-	464
Payable against purchase of investments	4,088,135	-	4,088,135
Payable against redemption of units	26	-	26
Accrued expenses and other liabilities	1,583	-	1,583
Net assets attributable to redeemable units	5,790,612	-	5,790,612
	4,095,483	-	9,886,095

23. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

23.1. Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan and Investment Committee.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

23.1.1. Currency risk

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

23.1.2. Interest rate risk

Yield / 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. The Fund is mainly exposed to interest rate risk on balances held with banks in savings account.

- Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. In case of 100 basis points increase / decrease in KIBOR and bank profit rates with all other variables held constant, the net assets of the Fund would have been higher / lower by approximately Rs. 19.81 million (2018: Rs. 47.053 million).

The composition of the Fund's investment portfolio and rates announced by Financial Market Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

- Sensitivity analysis for fixed rate instruments

Presently, the fund does not hold any fixed rate instrument that has been designated at fair value through profit and loss. Therefore, a change in interest rate as at June 30, 2018 would not have any affect on the income statement.

Interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date is as follows:

As at June 30, 2019						
Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments	%	----- Rupees in '000 -----				
Financial assets						
Bank balances	3.00 - 13.85	1,985,384	1,980,709	-	4,675	
Investment	12.58	1,484,649	1,484,649	-	-	
Mark-up accrued		8,108	-	-	8,108	
		3,478,141	3,465,358	-	12,783	
Financial liabilities						
Payable to the Management Company		2,848	-	-	2,848	
Payable to the Trustee		204	-	-	204	
Payable against purchase of investments		1,484,649	-	-	1,484,649	
Payable against redemption of units		2	-	-	2	
Accrued expenses and other liabilities		1,269	-	-	1,269	
Net assets attributable to redeemable units		1,931,332	-	-	1,931,332	
		3,420,304	-	-	3,420,304	
On-balance sheet gap		57,837	3,465,358	-	(3,407,521)	
Off-balance sheet financial instruments		-	-	-	-	
Off-balance sheet gap		-	-	-	-	

As at June 30, 2018

Yield / Interest rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year	
On-balance sheet financial instruments	%	----- Rupees in '000 -----			
Financial assets					
Bank balances	2.75 - 7.50	5,847,133	5,837,722	-	9,411
Investments	6.62	4,085,686	4,085,686	-	-
Mark-up accrued		5,969	-	-	5,969
Receivable against transfer of units		453	-	-	453
		9,939,241	9,923,408	-	15,833
Financial liabilities					
Payable to the Management Company		5,275	-	-	5,275
Payable to the Trustee		464	-	-	464
Payable against purchase of investments		4,088,135	-	-	4,088,135
Payable against redemption of units		26	-	-	26
Accrued expenses and other liabilities		1,583	-	-	1,583
Net assets attributable to redeemable units		5,790,612	-	-	5,790,612
		9,886,095	-	-	9,886,095
On-balance sheet gap		53,146	9,923,408	-	(9,870,262)
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-

23.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 instruments traded in the market. Presently, the Fund is not exposed to any price risk.

23.2 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 in government securities. The Fund is also exposed to counter party credit risks on loans and receivables, balances with banks, profit receivable, advances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the Fund's policy is to enter into financial instrument contracts following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

The Fund's significant credit risk arises mainly on account of its placement with banks. The credit rating profile of balances with banks is as follow:

Bank balances by rating category	June 30, 2019
AAA	98.69%
AA+	0.99%
AA	0.00%
AA-	0.09%
A+	0.00%
Suspended	0.23%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is as follows:

	June 30, 2019		June 30, 2018	
	Amount of financial assets	Maximum exposure	Amount of financial assets	Maximum exposure
----- Rupees in '000 -----				
Bank balances	1,985,384	1,985,384	5,847,133	5,847,133
Investment	1,484,649	1,484,649	4,085,686	4,085,686
Receivable against transfer of units	-	-	453	453
Mark-up accrued	8,108	8,108	5,969	5,969

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

The Fund's major asset balances (98.39%) are held with two banks. The management believes that these are credit-worthy counterparties which also include the Federal Government."

23.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

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.

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the year. The maximum amount available to the Fund from the borrowing would be limited to fifteen 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.

In order to manage the Fund's overall liquidity, the Fund may also 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.

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



June 30, 2019

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

Rupees in '000

Financial liabilities

Payable to the Management Company	2,848	2,848	-	-
Payable to the Trustee	204	204	-	-
Payable against purchase of investments	1,484,649	1,484,649	-	-
Payable against redemption of units	2	2	-	-
Accrued expenses and other liabilities	1,269	1,269	-	-
Net assets attributable to redeemable units	1,931,332	1,931,332	-	-
	3,420,304	3,420,304	-	-

June 30, 2018

Total	Upto three months	Over three months and upto one year	Over one year
-------	-------------------	-------------------------------------	---------------

Rupees in '000

Financial liabilities

Payable to the Management Company	5,275	5,275	-	-
Payable to the Trustee	464	464	-	-
Payable against purchase of investments	4,088,135	4,088,135	-	-
Payable against redemption of units	26	26	-	-
Accrued expenses and other liabilities	1,583	1,583	-	-
Net assets attributable to redeemable units	5,790,612	5,790,612	-	-
	9,886,095	9,886,095	-	-

24. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit 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 in the statement of movement in unit holders' fund.

The Fund has no restrictions on the issuance and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of the scheme. The fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' fund 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 under management.

In accordance with the risk management policies stated in note 26, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests which would be augmented by disposal of investments where necessary.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

NBP GOVERNMENT SECURITIES LIQUID FUND (FORMERLY ; NAFA GOVERNMENT SECURITIES LIQUID FUND)



The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market 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.

IFRS 13, 'Fair Value Measurements' 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:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 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 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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

	Carrying amount			Fair value		
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Total
June 30, 2019						
----- Rupees in '000 -----						
Financial assets measured at fair value						
Government Securities - Treasury Bills	1,484,649	-	1,484,649	-	1,484,649	1,484,649
	<u>1,484,649</u>	<u>-</u>	<u>1,484,649</u>	<u>-</u>	<u>1,484,649</u>	<u>1,484,649</u>
Financial assets not measured at fair value						
Bank balances	-	1,985,384	1,985,384	-	-	-
Mark-up accrued	-	8,108	8,108	-	-	-
	<u>-</u>	<u>1,993,492</u>	<u>1,993,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Limited - Management Company	-	2,848	2,848	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	204	204	-	-	-
Payable against purchase of investments	-	1,484,649	1,484,649	-	-	-
Payable against redemption of units	-	2	2	-	-	-
Accrued expenses and other liabilities	-	1,269	1,269	-	-	-
	<u>-</u>	<u>1,488,972</u>	<u>1,488,972</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Carrying amount			Fair value		
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Total
June 30, 2018						
	----- Rupees in '000 -----					
Financial assets measured at fair value						
Government Securities - Treasury Bills	4,085,686	-	4,085,686	-	4,085,686	4,085,686
	4,085,686	-	4,085,686	-	4,085,686	4,085,686
Financial assets not measured at fair value						
Bank balances	-	5,847,133	5,847,133	-	-	-
Mark-up accrued	-	5,969	5,969	-	-	-
Receivable against transfer of units	-	453	453	-	-	-
	-	5,853,555	5,853,555	-	-	-
Financial liabilities not measured at fair value						
Payable to NBP Fund Management Limited - Management Company	-	5,275	5,275	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-	464	464	-	-	-
Payable against purchase of Investments	-	4,088,135	4,088,135	-	-	-
Payable against redemption of units	-	26	26	-	-	-
Accrued expenses and other liabilities	-	-	-	-	-	-
	-	4,093,900	4,093,900	-	-	-

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

26. GENERAL

26.1 Figures have been rounded off to nearest thousand rupee.

26.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

27. DATE OF AUTHORISATION OF ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 30, 2019.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NBP GOVERNMENT SECURITIES LIQUID FUND (FORMERLY ; NAFA GOVERNMENT SECURITIES LIQUID FUND)



NBP FUNDS
Managing Your Savings

PERFORMANCE TABLE

Particulars	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015	For the Year Ended June 30, 2014
Net assets at the year ended (Rs '000)	1,931,332	5,790,612	4,598,229	3,171,948	7,013,455	9,858,623
Net income for the year ended (Rs '000)	269,495	257,128	207,559	135,646	386,114	1,113,816
Net Asset Value per unit at the year ended (Rs)	10.1861	10.9686	10.1614	10.1464	10.1423	10.0538
Offer Price per unit at year end (Rs)	10.1861	10.9686	10.1614	10.1464	10.1423	10.0538
Redemption Price per unit at year end (Rs)	10.1861	10.9686	10.1614	10.1464	10.1423	10.0538
Highest offer price per unit (Rs)	10.1861	10.6986	10.1626	10.1464	10.1424	10.0538
Lowest offer price per unit (Rs)	9.3915	10.1634	9.4401	9.5945	9.3685	9.2998
Highest redemption price per unit (Rs)	10.1861	10.6986	10.1626	10.1464	10.1424	10.0538
Lowest redemption price per unit (Rs)	9.3881	10.1634	9.4419	9.5945	9.3685	9.2998
Opening Nav of Fiscal Year (Rs)	9.3804	10.1614	9.4401	9.5936	9.3648	9.2990
Total return of the fund	8.59%	5.29%	7.64%	5.76%	8.30%	8.12%
Capital growth	0.51%	0.01%	-0.40%	0.04%	0.33%	-0.17%
Income distribution as a % of ex nav	8.08%	5.28%	8.04%	5.72%	7.97%	8.29%
Income distribution as a % of par value	8.21%	5.37%	7.59%	5.80%	7.46%	7.71%
Distribution						
Interim distribution per unit (Rs)	0.8207	-	0.7592	-	0.7460	0.7710
Final distribution per unit (Rs)	-	0.5367	-	0.5801	-	-
Distribution Dates						
Interim	-	-	-	-	-	30-Jul-13
Interim	-	-	-	-	-	29-Aug-13
Interim	-	-	-	-	-	27-Sep-13
Interim	-	-	-	-	-	29-Oct-13
Interim	-	-	-	-	-	28-Nov-13
Interim	21-Dec-18	-	-	-	-	27-Dec-13
Interim	29-Jan-19	-	-	-	-	29-Jan-14
Interim	27-Feb-19	-	-	-	-	28-Feb-14
Interim	29-Mar-19	-	-	-	-	28-Mar-14
Interim	26-Apr-19	-	-	-	-	29-Apr-14
Interim	30-May-19	-	-	-	-	28-May-14
Interim	24-Jun-19	-	21-Jun-17	-	29-Jun-15	26-Jun-14
Final	-	4-Jul-18	-	30-Jun-16	-	-
Average annual return of the fund (launch date May 16, 2009)						
(Since inception to June 30, 2019)	8.54%					
(Since inception to June 30, 2018)		8.54%				
(Since inception to June 30, 2017)			8.95%			
(Since inception to June 30, 2016)				9.13%		
(Since inception to June 30, 2015)					9.70%	
(Since inception to June 30, 2014)						9.97%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	25 Days	13 Days	3 Days	4 Days	19 Days	46 Days
Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up						

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