



NBP FUNDS

Managing Your Savings

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NBP GOVERNMENT SECURITIES FUND-I



QUARTERLY REPORT
MARCH 31, 2020



MISSION STATEMENT

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



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FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource Committee

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

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Saad ur Rahman Khan	Member
Mr. Ali Saigol	Member
Mr. Imran Zaffar	Member
Mr. Saad Amanullah Khan	Member

Trustee

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

Bankers to the Fund

JS Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Limited



Auditors

KPMG Taseer Hadi & Co.
Sheikh Sultan Trust Building,
Ground No. 2 Shaheed Chaudary Aslam Road,
Civil Lines, Karachi, 75530

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

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

Fund's Performance

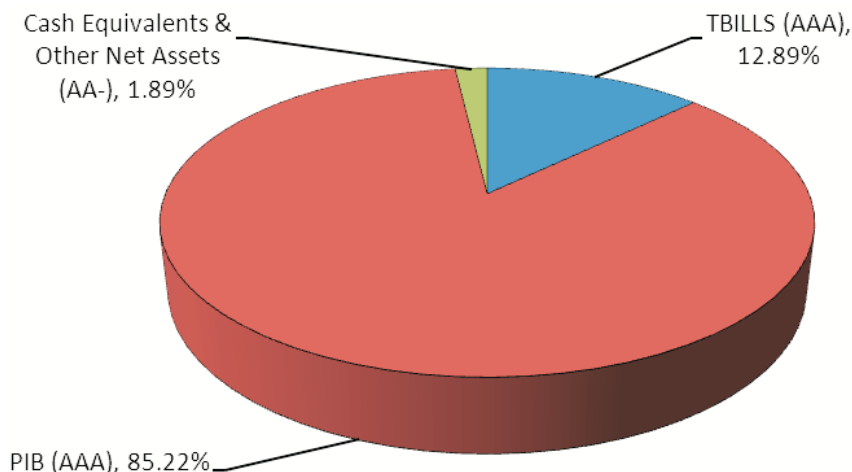
The size of NBP Government Securities Plan-I has increased from Rs. 276 million to Rs. 284 million during the period (i.e. a growth of 3%). During the period, the unit price of the Fund has increased from Rs. 10.0024 on June 30, 2019 to Rs. 11.2972 on March 31, 2020, thus showing return of 17.2% as compared to the benchmark return of 13.3% for the same period. The performance of the Fund is net of management fee and other expenses.

NGSP-I is categorized as an Income Fund. The Fund aims to provide attractive return with capital preservation at maturity of the plan, by investing in Government Securities not exceeding maturity of the plan. NBP Government Securities Plan-I has a fixed maturity of July 12, 2021. The Fund invests a minimum of 90% in Government Securities and remaining of its assets in saving accounts with banks, which enhances liquidity profile of the Fund.

During 9MFY20, the State Bank of Pakistan (SBP) held six Monetary Policy Committee (MPC) meetings. In its first meeting in July 2019, the Policy Rate was increased by 100bps to 13.25% with the objective to curtail inflationary pressure. Thenceforth the central bank maintained tight monetary policy stance and left the key benchmark rate unchanged in the subsequent three MPC meetings. In its meeting on March 17th, 2020 and again on March 24th, 2020 the SBP slashed the Policy Rate by a cumulative 225bps to 11%; owing to improved inflation outlook, sharp fall in the global oil prices, and economic fallout from the Coronavirus pandemic.

Sovereign yields responded to these policy actions and inflation and interest rate outlook. SBP held twenty (20) T-Bill auctions during the period, realizing a total of Rs. 12,443 billion. The yields on T-Bills for 3-month, 6-month and 12-month tenures decreased by 175 basis points, 193 basis points and 264 basis points, respectively. Similarly, expecting protracted period of monetary easing, PIB yields decline by 456 bps, 470 bps, and 457 bps for 3-year, 5-year, and 10-year tenures, respectively. During this period, nine (9) PIB auctions were also held where an amount of Rs. 1,671 billion was realized.

The Fund has earned a total income of Rs. 37.16 million during the period. After deducting total expenses of Rs. 3.58 million, the net income is Rs. 33.58 million. The chart below presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSP-I.





Acknowledgement

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

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

On behalf of the Board of
NBP Fund Management Limited

Chief Executive

Director

Date: **April 27, 2020**
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 مارچ 2020ء کو ختم ہونے والی سیشن ماہی کے لئے NBP گورنمنٹ سیکورٹیز فنڈ-I (NGSF-I) کے غیر جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

موجودہ مدت کے دوران NBP گورنمنٹ سیکورٹیز پلان-I کا سائز 276 ملین روپے سے بڑھ کر 284 ملین روپے ہو گیا، یعنی 3% کا اضافہ ہوا۔ 30 جون 2019 کو فنڈ کی یونٹ قیمت 10.0024 روپے سے بڑھ کر 31 مارچ 2020ء کو 11.2972 روپے ہو گئی لہذا اسی مدت میں اپنے بیخمارک منافع 13.3% کے مقابلے 17.2% کا منافع دیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

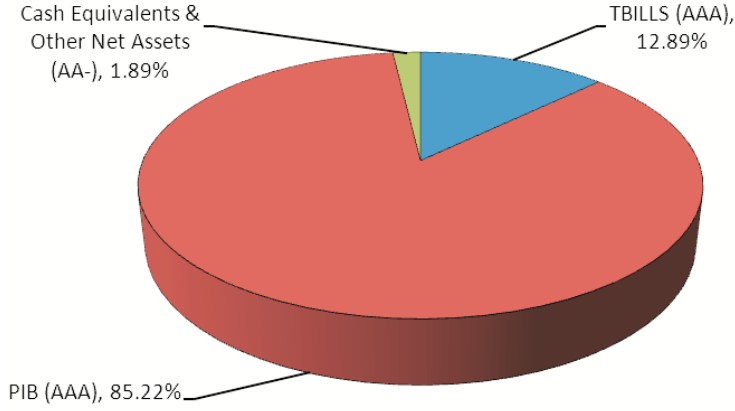
NGSP-I کی اکم فنڈ کے طور پر درجہ بندی کی گئی ہے۔ فنڈ کا مقصد پلان کی میچورٹی سے قبل تک گورنمنٹ سیکورٹیز میں سرمایہ کاری کر کے پلان کی میچورٹی پر کیپٹل پر ریزرویشن کے ساتھ متاثر کن منافع فراہم کرنا ہے۔ NBP گورنمنٹ سیکورٹیز پلان-I کی فلسفہ میچورٹی 12 جولائی 2021 کی ہے۔ فنڈ گورنمنٹ سیکورٹیز میں کم از کم 90% اور بیٹیکوں کے ساتھ سیونگ اکاؤنٹ میں اپنے باقی البیسٹ انویسٹ کرنے کی اجازت دیتا ہے، جو فنڈ کی لیکویڈیٹی پروفائل کو بڑھاتا ہے۔

مالی سال 2020 کی نومبر میں اسٹیٹ بینک آف پاکستان نے چھ ماہی پالیسی کمیٹی (MPC) کے اجلاس طلب کئے۔ افراط زر کو قابو کرنے کے لئے SBP نے جولائی 2019ء میں منعقدہ ماہی پالیسی کے اپنے پہلے اجلاس میں پالیسی کی شرح کو بحساب 100bps سے بڑھا کر 13.25 فی صد کر دیا۔ اس کے بعد مرکزی بینک نے سخت معاشی پالیسی کا موقف برقرار رکھا اور اس کے بعد ہونے والی تین MPC اجلاسوں میں کلیدی معیار تبدیل نہیں کیا۔ 17 مارچ، 2020ء کو اور پھر 24 مارچ، 2020ء کو اپنے اجلاس میں اسٹیٹ بینک نے افراط زر کی صورتحال میں بہتری، تیل کی عالمی قیمتوں میں تیزی سے کمی اور کورونا وائرس وبائی مرض سے معاشی خرابی کی وجہ سے پالیسی کی شرح میں بحساب 225bps سے کمی کر کے مجموعی طور پر 11 فیصد کر دیا۔

ان پالیسی اقدامات اور افراط زر اور شرح سود کے تناظر میں گورنمنٹ بانڈز منافع میں ردعمل دیکھا گیا۔ اسی مدت کے دوران کارپوریٹ ڈیٹ سیکورٹیز میں تجارتی سرگرمی میں اضافہ دیکھا گیا۔ مجموعی تجارتی قدر 20.4 ملین روپے رہی جبکہ گزشتہ سال کی اسی مدت میں 11.4 ملین روپے تھی۔ ان پالیسی اقدامات اور افراط زر اور شرح سود کے تناظر میں گورنمنٹ بانڈز منافع میں ردعمل دیکھا گیا۔ اس مدت میں SBP نے بیس (20) T-Bills، 175bps، 193bps اور 264bps تک کم ہوئی۔ اسی طرح متوقع ماہی پالیسی آسانی کے آغاز کے باعث 3 سال، 5 سال اور 10 سال کی مدتوں کے دوران PIB منافع بالترتیب 456bps، 470bps اور 457bps کی کمی ہوئی۔ اس مدت کے دوران، نو(9) PIB نیلامیاں بھی کی گئیں جہاں سے 1,671 ملین روپے حاصل کئے۔

فنڈ نے موجودہ مدت کے دوران 37.16 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 3.58 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 33.58 ملین روپے ہے۔

درج ذیل چارٹ-1 NGSP کی ایسٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



اظہار تشکر

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

بورڈ اپنے اسٹاف اور ڈسٹری بیوٹرز کی طرف سے سخت محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 27 اپریل 2020ء

مقام: کراچی

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2020

	Note	NGSP-I	
		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
		Rupees in '000	
ASSETS			
Balances with banks		1,120	17,364
Investments	4	278,415	251,160
Profit receivables		4,028	9,029
Prepayments and other receivables		1,704	212
Preliminary expenses and floatation costs		683	1,085
Total assets		285,950	278,850
LIABILITIES			
Payable to the Management Company		1,044	2,336
Payable to the Trustee		16	27
Payable to the Securities and Exchange Commission of Pakistan		41	72
Accrued expenses and other liabilities		1,076	430
Total liabilities		2,177	2,865
NET ASSETS		283,773	275,985
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		283,773	275,985
CONTINGENCIES AND COMMITMENTS	6		
		Number of units	
NUMBER OF UNITS IN ISSUE		25,118,929	27,592,030
		Rupees	
NET ASSET VALUE PER UNIT		11.2972	10.0024

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020

	NGSP - I	
	For the period from	Quarter ended
	March 18, 2019 to March 31, 2019	March 31, 2020
Note	Nine months ended March 31, 2020	Quarter ended March 31, 2020
	Rupees in '000	
INCOME		
	1,753	834
Income from Market Treasury Bills	1,103	-
Income from Pakistan Investment Bonds	-	3,435
Mark up income on Pakistan Investment Bonds	14,050	4,537
Profit on bank deposits	1,732	386
Income from contingent load	64	3
Gain on sale of investments at fair value through profit or loss (FVTPL) - net	373	-
Net unrealised appreciation / (diminution) on re-measurement of investments at FVTPL	8,552	(65)
Total income	37,162	14,840
EXPENSES		
Remuneration of the Management Company	1,237	81
Sindh Sales Tax on remuneration of the Management Company	161	10
Accounting and operational expenses	206	13
Selling and marketing expenses	206	13
Remuneration of the Trustee	124	13
Sindh Sales Tax on remuneration of the Trustee	16	2
Annual fee of the Securities and Exchange Commission of Pakistan	41	10
Amortisation of preliminary expenses and floatation costs	402	18
Securities and transaction cost	-	5
Auditors' remuneration	236	10
Legal and professional charges	30	3
Listing Fee	21	3
Settlement and bank charges	57	2
Printing expenses	17	1
Rating fee	150	6
Total operating expenses	2,904	909
Net income from operating activities	34,258	13,931
Provision for Sindh Workers' Welfare Fund	(685)	(25)
Net Income for the period before taxation	33,573	13,652
Taxation	-	-
Net Income for the period after taxation	33,573	13,652
Allocation of net income for the period:		
- Net income for the period after taxation	33,573	13,652
- Income already paid on units redeemed	(1,049)	(157)
	32,524	13,495
Accounting income available for distribution		
- Relating to capital gains	8,657	5,592
- Excluding capital gains	23,867	7,903
	32,524	13,495

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2020

	NGSP - I		
	Nine months ended March 31, 2020	For the period from March 18, 2019 to March 31, 2019	Quarter ended March 31, 2020
Rupees in '000			
Net profit for the period after taxation	33,573	1,212	13,652
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	<u><u>33,573</u></u>	<u><u>1,212</u></u>	<u><u>13,652</u></u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

NGSP - I

	March 31, 2020	For the period from March 18, 2019 to March 31, 2019
Note		
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period before taxation	33,573	1,212
Adjustments:		
Provision for Sindh Workers' Welfare Fund	685	25
Net unrealised (appreciation) / diminution on re-measurement of investments or loss (FVTPL) - net	(8,552)	65
Amortisation of preliminary expenses and floatation costs	402	18
	26,108	1,320
(Increase) in assets		
Investments	(18,703)	(346,188)
Profit receivables	5,001	-
Preliminary expenses and floatation costs	-	(1,237)
Prepayments and other receivables	(1,492)	(287)
	(15,194)	(347,712)
(Decrease) / increase in liabilities		
Payable to the Management company	(1,292)	854
Payable to the Trustee	(11)	15
Payable to the Securities and Exchange Commission of Pakistan	(31)	10
Accrued expenses and other liabilities	(39)	1,261
	(1,373)	2,140
Net cash generated from / (used in) operating activities	9,541	(344,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Total proceeds on issuance of units	-	377,863
Total payments on redemption of units	(25,785)	(1,012)
Net cash (used in) / generated from financing activities	(25,785)	376,851
Net (decrease) / increase in cash and cash equivalents during the period	(16,244)	32,599
Cash and cash equivalents at the beginning of the period	17,364	-
Cash and cash equivalents at the end of the period	1,120	32,599

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Government Securities Fund – I ("the Fund") was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on 07 December 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 04 January 2019 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The Fund has been categorised as an open ended 'Income scheme' and is listed on Pakistan Stock Exchange. The units are transferable and can be redeemed by surrendering them to the Fund. The units of the Fund were initially offered for public subscription at initial price of Rs. 10. The maturity of NBP Government Securities Plan - I is 12 July 2021.

The Fund has initially offered NBP Government Securities Plan - I (NGSP - I) and may offer upto a total of five allocation plans. The objective of the NBP Government Securities Fund – I is to provide attractive return with capital preservation at maturity of the plan, by investing primarily in Government Securities not exceeding maturity of the plan.

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

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 STATEMENT OF COMPLIANCE

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

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

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2020.

These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2019 that have a material effect on the financial statements of the Fund.

4 INVESTMENTS

	Note	(Un-Audited) March 31, 2020	(Audited) June 30, 2019
Financial Assets at fair value through profit or loss			
		Rupees in '000	
Government Securities			
Market Treasury Bills	4.1	36,572	14,841
Pakistan Investment Bonds	4.2	241,843	236,319
		<u>278,415</u>	<u>251,160</u>

4.1 Market Treasury Bills

Issue date	Tenor	As at July 01, 2019	Purchases during the period	sales/matured during the period	As at March 31, 2020	Market value as at March 31, 2020	Market value as a %age of net assets	Market value as a %age of total Investments
		-----Rupees in '000-----				-----(%)-----		
9-May-19	03 Months	15,000	-	15,000	-	-	-	-
18-Jul-19	03 Months	-	14,000	14,000	-	-	-	-
1-Aug-19	03 Months	-	10,335	10,335	-	-	-	-
24-Oct-19	03 Months	-	15,000	15,000	-	-	-	-
7-Nov-19	03 Months	-	15,000	15,000	-	-	-	-
5-Dec-19	03 Months	-	22,000	22,000	-	-	-	-
30-Jan-20	03 Months	-	15,000	-	15,000	14,901	5.25	5.35
27-Feb-20	03 Months	-	22,000	-	22,000	21,671	7.64	7.78
		<u>15,000</u>	<u>113,335</u>	<u>91,335</u>	<u>37,000</u>	<u>36,572</u>	<u>12.89</u>	<u>13.14</u>
						<u>36,491</u>		

Carrying value before fair value adjustment as at 31 March 2020

4.1.1 These carries a rate of return at 11.02 and 11.08 % per annum

4.2 Pakistan Investment Bonds

Issue date	Tenor	As at July 01, 2019	Purchases during the period	sales/matured during the period	As at March 31, 2020	Market value as at March 31, 2020	Market value as a %age of net assets	Market value as a %age of total Investments
-----Rupees in '000-----					------(%)-----			
12-Jul-18	03 years	266,000	-	15,000	251,000	241,843	85.22	86.86
		266,000	-	15,000	251,000	241,843	85.22	86.86
Carrying value before fair value adjustment as at 31 March 2020						233,372		

4.2.1 These carry a rate of return at 10.34% per annum

5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 12.1 to the annual audited financial statements of the Fund for the year ended June 30, 2019.

The Fund, being prudent, recognised provision for SWWF amounting to Rs.0.738 million as at March 31, 2020 in this condensed interim financial information, Had the provision not been made, net assets value per unit at March 31, 2020 would have been higher by Rs. 0.0294 per unit (June 30, 2019: Rs. 0.0019 per unit)."

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2020 and June 30, 2019.

7 SELLING AND MARKETING EXPENSES

The SECP vide circular 11 of 2019 dated July 05, 2019 has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) and prescribed revised conditions for charging of selling and marketing expenses to CIS. The said circular also supersedes circular No. 40 of 2016, circular No. 05 of 2017 and circular No. 5 of 2018. These expenses shall be counted in the total expense ratio cap of the fund. Accordingly, the Management Company has charged selling and marketing expenses at the rate of 0.1% per annum of the net assets of the Fund.

8 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 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

9 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2020 is 1.74% (June 30, 2019: 1.61%) which includes 0.44% (June 30, 2019: 0.22%) representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% (as amended by S.R.O 639 dated June 20, 2019) prescribed under the NBFC Regulations for a collective investment scheme categorised as 'Income scheme'.

10 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

10.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

10.4 Remuneration to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

10.5 Details of transactions with related parties / connected persons during the period are as follows

	(Un-Audited)	
	March 31, 2020	For the period from March 18, 2019 to March 31, 2019
	Rupees in '000	
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	1,237	81
Sindh sales tax on remuneration	161	10
Sales load during the period	-	707
Accounting and operational expenses	206	13
Selling and marketing expenses	206	13
Preliminary expenses and floatation costs	402	18
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	124	13
Sindh sales tax on remuneration of Trustee	16	2
Settlement Charges	6	-
Pakistan Stock Exchange Company Limited *		
Listing fee paid	25	-

	(Un-Audited) March 31, 2020	(Audited) June 30, 2019
10.6 Amounts / balances outstanding as at period end:	Rupees in '000	
NBP Fund Management Limited - Management Company		
Management fee payable	142	142
Sindh sales tax on remuneration of the Management Company	19	18
Accounting and operational expenses	68	96
Selling and marketing expenses	68	96
Sales load payable to Management Company	626	626
Sales tax payable on sales load	81	81
Formation Cost Payable	-	1,237
Other payable to Management Company	40	40
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	14	24
Sales tax payable	2	3
Settlement charges payable	9	3
Fauji Akbar Portia Marine Terminals Limited		
Units held: 10,044,534 units (June 30 , 2019 : 10,044,534 units)	113,475	100,469
Barret Hudgson Pakistan (Private) Limited		
Units held: 8,203,541 units (June 30 , 2019 : 8,203,541 units)	92,677	82,055
GIA Export Marketing Service (Private) Limited		
Units held: 3,193,652 units (June 30 , 2019 : 3,193,652 units)	36,079	31,944

* Prior period figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2019.

11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on **April 27, 2020** by the Board of Directors of the Management Company of the Fund.

12 GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

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

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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