



# NBP FUNDS

*Managing Your Savings*

**AM1**  
Rated by PACRA

**NBP Government Securities Savings Fund**



**ANNUAL REPORT**  
**JUNE 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 Shahr-e-Faisal, Karachi.

### Bankers to the Fund

Allied Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
Khushali Microfinance Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Sindh Bank Limited  
Soneri Bank Limited  
Summit Bank Limited  
Telenor Microfinance Bank Limited  
The First Microfinance Bank Limited  
United Bank Limited  
U Microfinance Bank Limited  
Zarai Taraqiati Bank Limited



## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

## Board of Directors



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



**Shaikh Muhammad Abdul Wahid Sethi**  
Chairman



**Mr. Khalid Mansoor**  
Director



**Mr. Humayun Bashir**  
Director



**Syed Hasan Irtiza Kazmi**  
Director



**Mr. Ali Saigol**  
Director



**Mr. Saad Amanullah Khan**  
Director



**Mr. Saad ur Rehman**  
Director



**Mr. Imran Zaffar**  
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. Asim Wahab Khan, CFA  
Deputy Chief Investment Officer



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



Mr. Hassan Raza, CFA  
Head Of Research



Mr. Waheed Abidi  
Head Of Internal Audit



Mr. Zaheer Iqbal, ACA FPFA  
Head Of Operations



Mr. Salman Ahmed, CFA  
Head Of Product Development



Mr. Saadat Saeed, ACA, CFA  
Head Of Investment Risk.



Mr. Shahid Javed  
Head Of Operational Risk



Mr. Shahbaz Umer  
Head Of Human Resource



## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the Sixth Annual Report of NBP Government Securities Savings Fund (NGSSF) for the year ended June 30, 2020.

### Fund's Performance

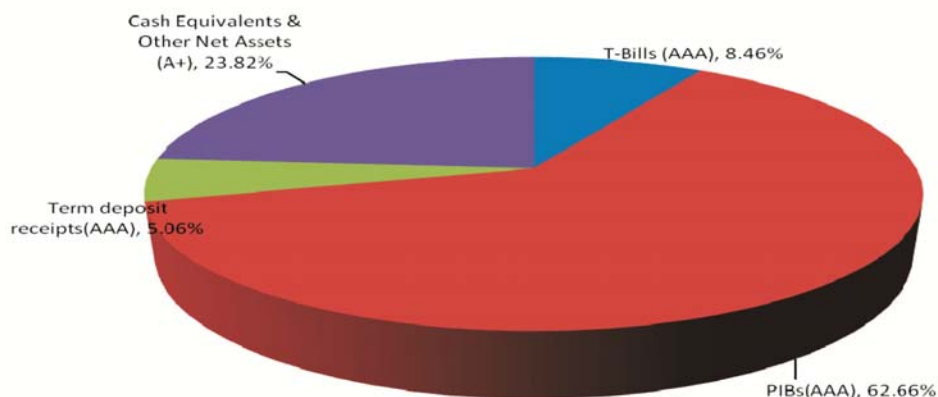
The size of NBP Government Securities Savings Fund has decreased from Rs. 1,092 million to Rs. 692 million during the period, i.e. a drop of 37%. During the said period, the unit price of the Fund has increased from Rs. 8.5372 (Ex-Div) on June 30, 2019 to Rs. 10.3490 on June 30, 2020 thus posting a return of 21.2% as compared to its Benchmark return of 12.1% for the same period. The return of the Fund is net of management fee and all other expenses.

NBP Government Securities Savings Fund (NGSSF) invests a minimum of 70% in Government Securities. The Fund invests at least 10% of its assets in less than 90 days T-Bills or saving accounts with banks, which enhances liquidity profile of the Fund.

Building on the ongoing economic stabilization policies and to counter the upside risks to inflation from the exchange rate depreciation, increase in utility prices, and other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

The Fund has earned a total income of Rs. 147.151 million during the year. After deducting total expenses of Rs. 13.72 million, the net income is Rs. 133.433 million.

The asset allocation of NGSSF as on June 30, 2020 is as follows:







## Income Distribution

The Board of Directors of the Management Company has approved interim cash dividend of 23.438% of the opening ex-NAV (20.001% of the par value) for the period ended June 30, 2020.

## 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 A. F. Ferguson & Co. Chartered Accountants (AFF), Chartered Accountants, retire and, being eligible, offer themselves for re-appointment for the year ending June 30, 2021.

## 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 27 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 23 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 18 to these financial statements.
13. The Management Company encourages representation of independent non-executive directors on its Board. The Management Company, being an un-listed company, does not have any minority interest. As at June 30, 2020, the Board included:

Category	Names
Independent Directors	<ol style="list-style-type: none"> <li>1. Mr. Khalid Mansoor</li> <li>2. Mr. Saad Amanullah Khan</li> <li>3. Mr. Humayun Bashir</li> </ol>
Executive Director	Dr. Amjad Waheed - Chief Executive Officer
Non-Executive Directors	<ol style="list-style-type: none"> <li>1. Shaikh Muhammad Abdul Wahid Sethi (Chairman)</li> <li>2. Mr. Saad ur Rahman Khan</li> <li>3. Syed Hasan Irtiza Kazmi</li> <li>4. Mr. Ali Saigol</li> <li>5. Mr. Imran Zaffar</li> </ol>



## 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: September 17, 2020  
Place: Karachi.



## ڈائریکٹرز رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NBP گورنمنٹ سیکورٹیز سیونگ فنڈ (NGSSF) کی چھٹی سالانہ رپورٹ برائے مختتمہ سال 30 جون 2020ء پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### فنڈ کی کارکردگی

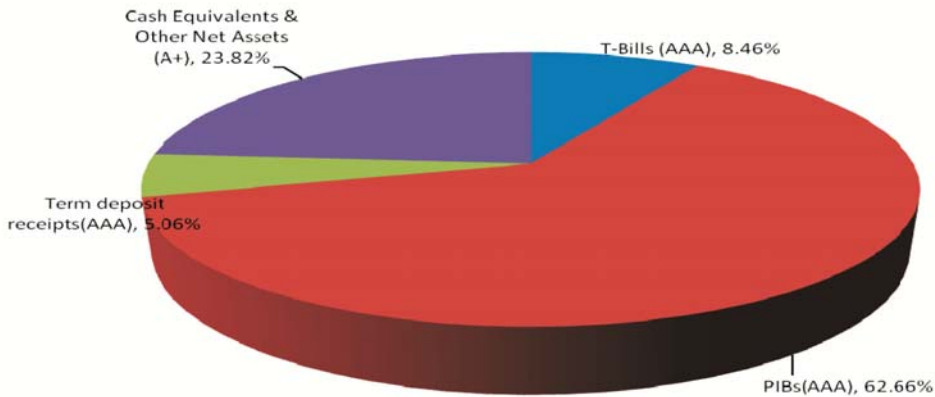
موجودہ مدت کے دوران NBP گورنمنٹ سیکورٹیز سیونگ فنڈ کا سائز 1,092 ملین روپے سے کم ہو کر 692 ملین روپے ہو گیا یعنی 37% کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2019 کو 8.5372 روپے (Ex-Div) سے بڑھ کر 30 جون 2020 کو 10.3490 روپے ہو گئی، لہذا اسی مدت کے دوران فنڈ نے اپنے بیچ مارک 12.1% کے مقابلے میں 21.2% کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NBP گورنمنٹ سیکورٹیز سیونگ فنڈ (NGSSF) گورنمنٹ سیکورٹیز میں کم از کم 70% انویسٹ کرتا ہے۔ فنڈ بینکوں کے ہاں سیونگ اکاؤنٹ میں اپنے ایسیٹ کا کم از کم 10% یا T-Bills میں 90 دن تک انویسٹ کرتا ہے، جو فنڈ کی لیکویڈٹی پر فائل کو بڑھاتا ہے۔

اقتصادی استحکام کی جاری پالیسیوں کی تشکیل اور افراط زر جسکی وجہ (i) زرمبادلہ کی شرح گراؤ، (ii) یوٹی لٹیٹی قیمتوں میں اضافہ، اور (iii) وفاقی بجٹ مالی سال 20 میں کئے گئے دیگر اقدامات، کے باعث پیدا ہونے والے خطرات کا مقابلہ کرنے کیلئے اسٹیٹ بینک آف پاکستان نے جولائی 2019 میں پالیسی کی شرح 100bps سے بڑھا کر 13.25 فیصد کر دی۔ طویل وقفے کے بعد، اسٹیٹ بینک آف پاکستان نے 17 مارچ، 2020 کو منعقدہ اپنے MPC اجلاس میں پالیسی کی شرح کو 25bps سے کم کر دیا۔ معیشت کو کورونا وائرس کے اثرات سے نجات دلانے کے لئے، اسٹیٹ بینک آف پاکستان نے جارحانہ مانیٹری پالیسی میں آسانی پیدا کی اور مختصر مدت میں پالیسی کی شرح میں 625bps سے کمی کر کے 7 فیصد کر دی۔ پالیسی کی شرح میں کمی کے اثرات گورنمنٹ بانڈ منافع پر بھی اثر انداز ہوئے اور 3 ماہ، 6 ماہ اور 12 ماہ کی T-Bills کے منافع میں بالترتیب 566bps، 580bps اور 608bps کی کمی واقع ہوئی۔ SBP نے زیر جائزہ مدت کے دوران ستائیس (27) T-Bills نیلامیاں منعقد کیں اور کل 14,317 ملین روپے جمع کئے۔

فنڈ نے سال کے دوران 147.151 ملین روپے کی مجموعی آمدنی کمائی۔ 13.72 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 133.433 ملین روپے ہے۔

NGSSF کی ایسٹ ایلوکیشن برطانیہ 30 جون 2020 حسب ذیل ہے:





## آمدنی کی تقسیم

بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے سال 30 جون 2020 کے اختتام کے بعد اوپننگ ex-NAV کا 23.438% (بنیادی قدر کا 20.001%) عبوری نقد منافع منقسمہ کی منظوری دی ہے۔

## ٹیکسیشن

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

## آڈیٹرز

موجودہ آڈیٹرز، میسرز ایف فرگون اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون 2021 کو ختم ہونے والے سال کے لئے اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

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

1. بینجمنٹ کمپنی کی طرف سے تیار کردہ، مالیاتی گوشوارے فنڈ کے معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوا اور یونٹ ہولڈرز فنڈز میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
2. فنڈ کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
3. مالی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے۔ شریاتی 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 پیروی کی گئی ہے۔
5. انٹرنل کنٹرول کا نظام مستحکم اور موثر طریقے سے نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
6. فنڈ کی رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
8. پرفارمنس ٹیبل / اہم مالیاتی ڈیٹا اس سالانہ رپورٹ میں شامل ہیں۔
9. ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں واجب الادا سرکاری ادائیگیاں مالیاتی گوشواروں میں پوری طرح ظاہر کر دی گئی ہیں۔
10. اس مدت کے دوران بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ تمام ڈائریکٹرز کی حاضری ان مالیاتی گوشواروں کے نوٹ 27 میں کی گئی ہے۔
11. یونٹ ہولڈنگ کا تفصیلی پینن مالیاتی گوشواروں کے نوٹ 23 میں ظاہر کیا گیا ہے۔
12. ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور کم عمر بچوں کی طرف سے کی جانے والی فنڈ کے یونٹس کی تمام خرید و فروخت ان مالیاتی گوشواروں کے نوٹ 18 میں ظاہر کی گئی ہے۔
13. بینجمنٹ کمپنی اپنے بورڈ آف ڈائریکٹرز میں غیر جانبدارانہ ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ کمپنی ایک غیر فرسٹ شدہ کمپنی ہونے کے ناطہ کوئی منارٹی انٹریسٹ نہیں رکھتی۔

30 جون 2020 کو بورڈ آف ڈائریکٹرز درج ذیل ارکان پر مشتمل ہیں:



نام	کیٹگری
1. جناب خالد منصور 2. جناب سعد امان اللہ خان 3. جناب ہایوں بشیر	غیر جانبدار ڈائریکٹرز
ڈاکٹر امجد وحید (چیف ایگزیکٹو آفیسر)	ایگزیکٹو ڈائریکٹر
1. شیخ محمد عبدالواحد سیٹھی (چیرمین) 2. جناب سعد الرحمان خان 3. جناب سید حسن ارتضیٰ کاظمی 4. جناب علی سیگل 5. جناب عمران ظفر	نان ایگزیکٹو ڈائریکٹرز

## اظہار تشکر

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے مینجمنٹ کمیٹی 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: 17 ستمبر 2020ء

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 Savings Fund (the Fund) are of the opinion that NBP Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

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

**Abdul Samad**

Chief Operating Officer

Central Depository Company of Pakistan Limited

Karachi, September 28, 2020



## FUND MANAGER REPORT

### NBP Government Securities Savings Fund

NBP Government Securities Savings Fund (NGSSF) is an Open-End Income Scheme.

### Investment Objective of the Fund

The objective of NBP Government Securities Savings Fund is to provide competitive return from portfolio of low credit risk by investing primarily in Government Securities.

### Benchmark

6-Month PKRV

### Fund Performance Review

This is the Sixth Annual report since the launch of the Fund on July 10, 2014. The Fund size stands at Rs. 692 million as of June 30, 2020. Since its inception, the Fund posted a return of 9.9% p.a. versus the benchmark return of 8.2% p.a. This translates into outperformance of 1.7% p.a. During FY20, the Fund posted a 21.2% return versus the benchmark return of 12.1%. The return of the Fund is net of the management fee.

NBP Government Securities Savings Fund (NGSSF) invests a minimum of 70% in Government Securities. The Fund invests at least 10% of its assets in less than 90 days T-Bills or saving accounts with banks, which enhances the liquidity profile of the Fund.

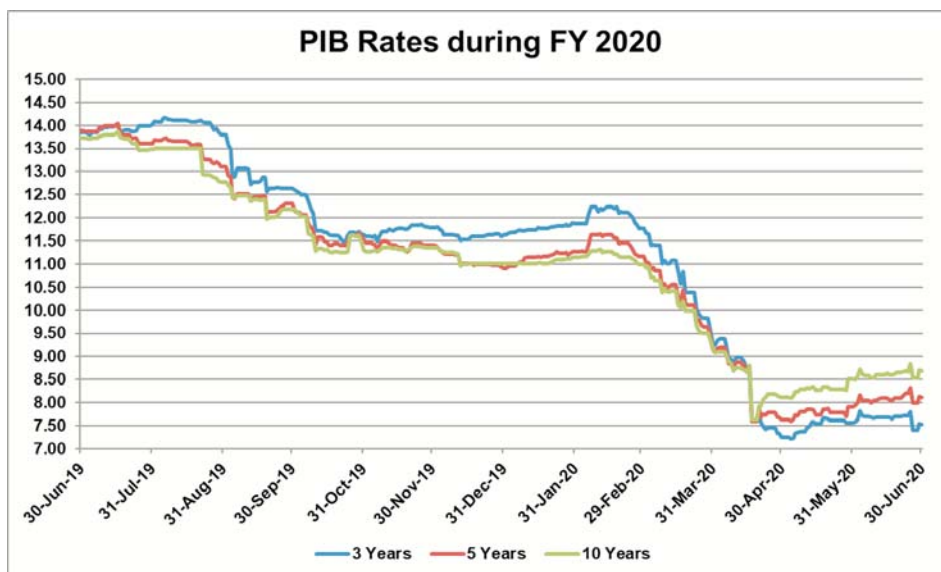
Building on the ongoing economic stabilization policies and to counter the upside risks to inflation from the exchange rate depreciation, increase in utility prices, and other measures taken in the federal budget FY20, the SBP increased the Policy Rate by 100 bps to 13.25% in July 2019. After taking a long pause, the State Bank slashed the Policy Rate by 25 bps in its MPC meeting held on March 17th, 2020. To cushion the economy from the Coronavirus-induced disruption, the SBP embarked on aggressive monetary easing, slashing the Policy Rate by a cumulative 625 bps to 7% in a short span of time. Sovereign yields responded to this decrease in the Policy Rate as the yields on T-Bills for 3-month, 6-month, and 12-month decreased by 566 basis points, 580 basis points, and 608 basis points, respectively. SBP held twenty-seven (27) T-Bill auctions during the period under review, realizing a total of Rs. 14,317 billion.

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

Particulars	30-Jun-20	30-Jun-19
PIBs	62.66%	20.74%
T-Bills	8.46%	46.67%
Cash (Cash Equivalents) & Other Assets	28.88%	32.59
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>



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



Distribution for the Financial Year 2020

Interim Period/Quarter	Dividend as % of Par Value (Rs.10)	Cumulative Div. Price/Unit	Ex- Div. Price
Oct-19	7.207%	11.0403	10.3196
Nov-19	0.726%	10.3922	10.3196
Dec-19	1.274%	10.4470	10.3196
Jan-20	0.824%	10.4020	10.3196
Feb-20	0.963%	10.4159	10.3196
Mar-20	3.616%	10.6812	10.3196
Apr-20	4.883%	10.8079	10.3196
May-20	0.508%	10.3704	10.3196

Unit Holding Pattern of NBP Government Securities Savings Fund as on June 30, 2020

Size of Unit Holding (Units)	# of Unit Holders
1-1000	130
1001-5000	56
5001-10000	38
10001-50000	85
50001-100000	50
100001-500000	78
500001-1000000	12
1000001-5000000	13
10000001-100000000	2
<b>Total</b>	<b>437</b>



## **During the period under question**

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

## **Sindh Workers' Welfare Fund (WWF)**

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 4.443 million. If the same were not made the NAV per unit/FY20 return of scheme would be higher by Rs. 0.0664. For details, investors are advised to read note 11.1 of the Financial Statement of the Scheme for the year ended June 30, 2020.



## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

To the Unit holders of NBP Government Securities Savings Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NBP Government Securities Savings Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 4 and 5 to the annexed financial statements)	
	<p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2020 amounted to Rs. 214.955 million and Rs. 527.289 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• tested the design and operating effectiveness of the key controls for valuation of investments.</li> <li>• obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2020 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed</li> <li>• re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> <li>• obtained approval of the Board of Directors of the Management Company in relation to opening of bank accounts.</li> </ul> <p>" obtained bank reconciliation statements and tested reconciling items on a sample basis.</p>



## Other Matter

The financial statements of the Fund for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated September 27, 2019.

## Other Information

Management 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. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management 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 management 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 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 either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- 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 board of directors of the 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 board of directors of the 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 board of directors of the 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

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
Karachi  
Date: September 29, 2020





## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>ASSETS</b>			
Bank balances	4	214,955	861,816
Investments	5	527,289	736,275
Deposits, prepayments and other receivables	6	1,032	994
Profit receivable	7	14,519	12,356
Receivable against issuance of units		345	-
<b>Total assets</b>		<b>758,140</b>	<b>1,611,441</b>
<b>LIABILITIES</b>			
Payable to NBP Fund Management Limited - the Management Company	8	7,146	3,804
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	95	155
Payable to the Securities and Exchange Commission of Pakistan	10	161	536
Payable against purchase of investments		52,638	509,729
Payable against redemption of units		744	-
Accrued expenses and other liabilities	11	5,183	4,920
<b>Total liabilities</b>		<b>65,967</b>	<b>519,144</b>
<b>NET ASSETS</b>		<b>692,173</b>	<b>1,092,297</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>692,173</b>	<b>1,092,297</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
		----- Number of units -----	
<b>NUMBER OF UNITS IN ISSUE</b>	13	<b>66,883,230</b>	<b>105,846,683</b>
		----- Rupees -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>10.3490</b>	<b>10.3196</b>

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



## INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
<b>Income</b>			
Income on Market Treasury Bills		36,585	42,648
Income on Pakistan Investment Bonds		33,579	9,679
Income on term deposit receipts		3,785	-
Profit on bank deposits		27,879	27,560
Gain / (loss) on sale of investments - net		25,072	(7,214)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		20,251	(6,445)
<b>Total income</b>		<b>147,151</b>	<b>66,228</b>
<b>Expenses</b>			
Remuneration of NBP Fund Management Limited - the Management Company	8.1	2,508	3,798
Sindh sales tax on remuneration of the Management Company	8.2	326	494
Remuneration of Central Depository Company of Pakistan Limited - the Trustee	9.1	524	914
Sindh sales tax on remuneration of the Trustee	9.2	68	119
Annual fee of the Securities and Exchange Commission of Pakistan	10.1	161	536
Allocated expenses	8.4	805	714
Auditors' remuneration	14	440	342
Securities transaction cost		86	25
Settlement and bank charges		142	148
Listing fee		25	22
Legal and professional charges		76	87
Mutual fund rating fee		332	334
Selling and marketing expenses	8.5	5,405	115
Printing charges		97	45
<b>Total operating expenses</b>		<b>10,995</b>	<b>7,693</b>
<b>Net income from operating activities</b>		<b>136,156</b>	<b>58,535</b>
Provision for Sindh Workers' Welfare Fund	11.1	(2,723)	(1,171)
<b>Net profit for the year before taxation</b>		<b>133,433</b>	<b>57,364</b>
Taxation	16	-	-
<b>Net profit for the year after taxation</b>		<b>133,433</b>	<b>57,364</b>
<b>Earnings per unit</b>	17		
<b>Allocation of net income for the year:</b>			
Net income for the year after taxation		133,433	57,364
Income already paid on units redeemed		(38,027)	(31,820)
		<b>95,406</b>	<b>25,544</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		22,830	-
- Excluding capital gains		72,576	25,544
		<b>95,406</b>	<b>25,544</b>

The annexed notes 1 to 30 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, 2020

	2020	2019
	----- Rupees in '000 -----	
<b>Net profit for the year after taxation</b>	133,433	54,364
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>133,433</u>	<u>54,364</u>

The annexed notes 1 to 30 form an integral part of these financial statements.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



## STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
----- Rupees in '000 -----						
Net assets at beginning of the year	1,051,874	40,423	1,092,297	98,668	45,221	143,889
Issuance of 373,082,601 units (2019: 220,509,415 units)						
- Capital value (at ex - net asset value per unit)	3,850,063	-	3,850,063	2,272,261	-	2,272,261
- Element of income	68,706	-	68,706	109,689	-	109,689
Total proceeds on issuance of units	3,918,769	-	3,918,769	2,381,950	-	2,381,950
Redemption of 412,046,054 units (2019: 127,960,181 units)						
- Capital value (at ex - net asset value per unit)	(4,252,150)	-	(4,252,150)	(1,318,578)	-	(1,318,578)
- Element of loss	(9,466)	(38,027)	(47,493)	(49,926)	(31,820)	(81,746)
Total payments on redemption of units	(4,261,616)	(38,027)	(4,299,643)	(1,368,504)	(31,820)	(1,400,324)
Total comprehensive income for the year	-	133,433	133,433	-	57,364	57,364
Cash distribution during the year ended June 30, 2020						
- @ Re. 0.7207 per unit (Date of declaration: October 29, 2019)	(36,670)	(15,298)	(51,968)	-	-	-
- @ Re. 0.0726 per unit (Date of declaration: November 28, 2019)	(800)	(2,959)	(3,759)	-	-	-
- @ Re. 0.1274 per unit (Date of declaration: December 27, 2019)	(2,475)	(5,913)	(8,388)	-	-	-
- @ Re. 0.0824 per unit (Date of declaration: January 28, 2020)	(421)	(3,780)	(4,201)	-	-	-
- @ Re. 0.0963 per unit (Date of declaration: February 27, 2020)	(150)	(4,537)	(4,687)	-	-	-
- @ Re. 0.3616 per unit (Date of declaration: March 27, 2020)	(3,323)	(18,774)	(22,097)	-	-	-
- @ Re. 0.4883 per unit (Date of declaration: April 29, 2020)	(14,552)	(37,677)	(52,229)	-	-	-
- @ Re. 0.0508 per unit (Date of declaration: May 29, 2020)	(468)	(4,886)	(5,354)	-	-	-
	(58,859)	(93,824)	(152,683)	-	-	-
Interim cash distribution for the year ended June 30, 2019 @ Re 0.7905 per unit (Date of declaration: June 26, 2019)	-	-	-	(59,740)	(23,978)	(83,718)
	-	-	-	(59,740)	(23,978)	(83,718)
Final cash distribution for the year ended June 30, 2018 @ Re 0.5162 per unit (Date of declaration: July 05, 2018)	-	-	-	(500)	(6,364)	(6,864)
	-	-	-	(500)	(6,364)	(6,864)
<b>Net assets at end of the year</b>	<b>650,168</b>	<b>42,005</b>	<b>692,173</b>	<b>1,051,874</b>	<b>40,423</b>	<b>1,092,297</b>
Undistributed income brought forward						
- Realised income		46,868			45,280	
- Unrealised (loss)		(6,445)			(59)	
		40,423			45,221	
Accounting income available for distribution:						
- Relating to capital gains		22,830			-	
- Excluding capital gains		72,576			25,544	
		95,406			25,544	
Final cash distribution for the year ended June 30, 2018					(6,364)	
Distribution for the year ended June 30, 2020 (2019: for the year ended June 30, 2019)		(93,824)			(23,978)	
<b>Undistributed income carried forward</b>		<b>42,005</b>			<b>40,423</b>	
<b>Undistributed income carried forward</b>						
- Realised income		21,754			46,868	
- Unrealised income / (loss)		20,251			(6,445)	
		42,005			40,423	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the year			10.3196			10.8208
Net assets value per unit at end of the year			10.3490			10.3196

The annexed notes 1 to 30 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, 2020

	Note	2020	2019
------(Rupees in '000)-----			
<b>CASH FLOWS FOR THE YEAR FROM OPERATING ACTIVITIES</b>			
Net profit for the year after taxation		133,433	57,364
<b>Adjustments:</b>			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		<u>(20,251)</u>	<u>6,445</u>
		<b>113,182</b>	<b>63,809</b>
<b>Decrease / (increase) in assets</b>			
Investments		<u>229,237</u>	<u>(635,097)</u>
Profit receivable		<u>(2,163)</u>	<u>(12,329)</u>
Deposits, prepayments and other receivables		<u>(38)</u>	<u>(166)</u>
		<b>227,036</b>	<b>(647,592)</b>
<b>Increase / (decrease) in liabilities</b>			
Payable to NBP Fund Management Limited - the Management Company		<u>3,342</u>	<u>3,444</u>
Payable to Central Depository Company of Pakistan Limited - the Trustee		<u>(60)</u>	<u>132</u>
Payable to the Securities and Exchange Commission of Pakistan		<u>(375)</u>	<u>422</u>
Payable against purchase of investments		<u>(457,091)</u>	<u>444,916</u>
Accrued expenses and other liabilities		<u>263</u>	<u>1,730</u>
		<b>(453,921)</b>	<b>450,644</b>
<b>Net cash used in operating activities</b>		<u><b>(113,703)</b></u>	<u><b>(133,139)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units - net of refund of element		<u>3,859,565</u>	<u>2,291,429</u>
Net payments against redemption of units		<u>(4,298,899)</u>	<u>(1,400,324)</u>
Distributions paid		<u>(93,824)</u>	<u>(61)</u>
<b>Net cash (used in) / generated from financing activities</b>		<u><b>(533,158)</b></u>	<u><b>891,044</b></u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u><b>(646,861)</b></u>	<u><b>757,905</b></u>
Cash and cash equivalents at the beginning of the year		<b>861,816</b>	<b>103,911</b>
<b>Cash and cash equivalents at the end of the year</b>	4	<u><b>214,955</b></u>	<u><b>861,816</b></u>

The annexed notes 1 to 30 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, 2020

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NBP Government Securities Savings Fund (the Fund) was established under a Trust Deed entered into between NBP Fund Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 5, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 30, 2014 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund has been categorised as an open ended income scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM1 as at June 24, 2020 (June 27, 2019: AM1) to the Management Company and performance ranking of AA-(f) as at April 17, 2020 (April 18, 2019: AA-(f)) to the Fund.

The title to the assets of the Fund is held in the name of CDC as the 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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

#### 2.2 Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations, and therefore have not been detailed in these financial statements.





## 2.3 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective

2.3.1 The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The management is currently in the process of assessing the full impact of the these amendments on the financial statements of the Fund.

2.3.2 There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and, therefore, have not been disclosed in these financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.2 and 5), provision for Sindh Worker's Welfare Fund (note 11.1) provision for Federal Excise Duty (note 8.3) and provision for taxation (notes 3.12 and 16).

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

## 2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

### 3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.



## 3.2 Financial assets

### 3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These 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.

### 3.2.2 Classification and subsequent measurement

#### Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

### 3.2.3 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### 3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

### 3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.



### 3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

### 3.4 Offsetting of financial assets and financial liabilities

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

### 3.5 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.

### 3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### 3.8 Distributions to 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.

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

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the 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 asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.



### 3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at 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 recorded in the year in which these arise.
- Profit on bank balances is recognised on an accrual basis using effective interest rate method.

### 3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and the Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

### 3.12 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed as cash dividend to the unit holders in cash.

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.

### 3.13 Earnings / (loss) per unit

Earnings per unit is calculated by dividing the net income for the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 17.

### 3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

## 4 BANK BALANCES

	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
Balances with banks in:			
Current accounts		1,200	1,059
Savings accounts	4.1	213,755	860,757
		<u>214,955</u>	<u>861,816</u>

- 4.1 These include balances of Rs 1.093 million (June 30, 2019: Rs 0.049 million) and Rs 0.393 million (June 30, 2019: Rs 0.45 million) maintained with BankIslami Pakistan Limited and National Bank of Pakistan (related parties) respectively, that carry profit at the rate ranging from 4.5% to 7.25% per annum (June 30, 2019: 13.5% per annum). Other savings accounts of the Fund carry profit at the rate ranging from 5.5% to 15.5% per annum (June 30, 2019: 3.75% to 14.5% per annum).

## 5 INVESTMENTS

	Note	2020 ----- Rupees in '000 -----	2019 ----- Rupees in '000 -----
<b>Financial assets 'at fair value through profit or loss'</b>			
Market Treasury Bills	5.1	58,540	509,729
Pakistan Investment Bonds	5.2	433,749	226,546
Term deposit receipt	5.3	35,000	-
		<u>527,289</u>	<u>736,275</u>



## 5.1 Market Treasury Bills

Issue date	Tenor in months	Face value				Market value as at June 30, 2020	Market value as a percentage of	
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		net assets of the Fund	total investments of the Fund

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

May 9, 2019	3	515,000	50,000	565,000	-	-	-	-
July 18, 2019	3	-	630,000	630,000	-	-	-	-
October 10, 2019	3	-	105,000	105,000	-	-	-	-
October 10, 2019	12	-	160,800	160,800	-	-	-	-
August 1, 2019	3	-	124,000	124,000	-	-	-	-
August 29, 2019	12	-	100,000	100,000	-	-	-	-
August 16, 2019	3	-	519,300	519,300	-	-	-	-
November 7, 2019	12	-	1,037,860	983,930	53,930	52,649	7.61%	9.98%
October 24, 2019	12	-	148,380	144,880	3,500	3,425	0.49%	0.65%
October 24, 2019	3	-	200,000	200,000	-	-	-	-
October 24, 2019	6	-	20,000	20,000	-	-	-	-
January 30, 2020	3	-	55,000	55,000	-	-	-	-
February 27, 2020	12	-	50,000	50,000	-	-	-	-
November 21, 2019	3	-	70,000	70,000	-	-	-	-
February 27, 2020	3	-	115,000	115,000	-	-	-	-
February 13, 2020	3	-	1,500	1,500	-	-	-	-
September 12, 2019	12	-	2,500	-	2,500	2,466	0.36%	0.47%
November 7, 2019	3	-	265,000	265,000	-	-	-	-
December 5, 2019	3	-	20,000	20,000	-	-	-	-
January 2, 2020	12	-	100,000	100,000	-	-	-	-
March 26, 2020	12	-	100,000	100,000	-	-	-	-
January 2, 2020	3	-	1,000	1,000	-	-	-	-
<b>Total</b>		<b>515,000</b>	<b>3,875,340</b>	<b>4,330,410</b>	<b>59,930</b>	<b>58,540</b>		

**Carrying value as at June 2020** 58,510

**Market value as at June 30, 2019** 509,729

**Carrying value as at June 30, 2019** 509,729

5.1.1 These carry rates of return ranging from 7.05% to 7.1% per annum (June 30, 2019: 12.58% per annum).



## 5.2 Pakistan Investment Bonds

Issue date	Tenor in years	Face value				Market value as at June 30, 2020	Market value as a percentage of	
		As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020		net assets of the Fund	total investments of the Fund
----- (Rupees in 000) ----- (%) -----								
July 19, 2012	10	-	34,000	-	34,000	36,978	5.34%	7.01%
July 12, 2018	3	255,000	-	255,000	-	-	-	-
September 19, 2019	3	-	320,900	200,000	120,900	124,870	18.04%	23.68%
September 19, 2019	5	-	808,400	550,000	258,400	271,901	39.28%	51.57%
<b>Total</b>		<b>255,000</b>	<b>1,163,300</b>	<b>1,005,000</b>	<b>413,300</b>	<b>433,749</b>		
<b>Carrying value as at June 30, 2020</b>						<b>413,528</b>		
<b>Market value as at June 30, 2019</b>						<b>226,546</b>		
<b>Carrying value as at June 30, 2019</b>						<b>232,991</b>		

5.2.1 These carry rate of return ranging from 9% to 12% per annum (June 30, 2019: 7.25% per annum).

## 5.3 Term deposit receipt

This is maintained with Mobilink Microfinance Bank Limited and carries profit at the rate of 15.6% per annum (June 30, 2019: Nil), with maturity on October 31, 2020.

5.4 Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	Note	2020	2019
		----- (Rupees in 000) -----	
Market value of investments	5.1 & 5.2	<b>492,289</b>	736,275
Less: carrying value of investments	5.1 & 5.2	<b>(472,038)</b>	(742,720)
		<b>20,251</b>	(6,445)

## 6 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited*		<b>102</b>	102
Prepaid annual rating fee		<b>201</b>	166
Prepaid listing fee*		<b>3</b>	-
Advance tax	6.1	<b>639</b>	639
Other receivables		<b>87</b>	87
		<b>1,032</b>	994

\*related party balance

6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on debt to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which





requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholders. The tax withheld on profit on debt amounts to Rs 0.639 million (2019: 0.639 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of SHC. Pending resolution of the matter, the amount of withholding tax so deducted has been shown as other receivables as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2020 ----- Rupees in '000 -----	2019
<b>7</b>	<b>PROFIT RECEIVABLE</b>		
	Profit receivable on bank balances	1,586	3,725
	Profit receivable on Term deposit receipt	1,037	-
	Profit receivable on Pakistan Investment Bonds	11,896	8,631
		<u>14,519</u>	<u>12,356</u>
<b>8</b>	<b>PAYABLE TO NBP FUND MANAGEMENT LIMITED - THE MANAGEMENT COMPANY - RELATED PARTY</b>		
	Management fee payable	8.1 175	555
	Sindh sales tax payable on remuneration of the Management Company	8.2 23	72
	Federal Excise Duty on remuneration of the Management Company	8.3 1,864	1,864
	Federal Excise Duty on sales load	8.3 371	371
	Sales and transfer load payable	2,307	201
	Sindh sales tax on sales load payable	320	46
	Allocated expenses payable	8.4 255	650
	Selling and marketing expenses payable	8.5 1,786	-
	Other payables	45	45
		<u>7,146</u>	<u>3,804</u>

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

2020		2019	
Rate applicable from July 1, 2019 to July 11, 2019	Rate applicable from July 12, 2019 to June 30, 2020	Rate applicable from July 1, 2018 to September 9, 2018	Rate applicable from September 10, 2018 to June 30, 2019
5% on net income, subject to floor and capping of 0.3% and 1% per annum of the average annual net assets.	1.5% on net income, subject to floor and capping of 0.2% and 1% per annum of the average annual net assets.	10% on net income, subject to floor and capping of 0.5% and 1.5% per annum of the average annual net assets.	5% on net income, subject to floor and capping of 0.3% and 1% per annum of the average annual net assets.

The remuneration is payable to the Management Company in arrears.



**8.2** During the year, an amount of Rs 0.326 million (2019: Rs 0.494 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 @ 13% (2019: 13%).

**8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sales load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period till June 30, 2016 amounting to Rs 2.24 million (June 30, 2019: Rs 2.24 million) is being retained in these financial statements of the Fund as the matter is pending before the HSC. Had the provision for FED not been made, the net asset value per unit of the Fund as at June 30, 2020 would have been higher by Re 0.0334 per unit (June 30, 2019: Re 0.0211 per unit).

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

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

The Management Company has currently fixed a maximum capping of 0.1% per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund.

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

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

Accordingly, the Management Company has not charged any selling and marketing expenses from July 1, 2019 to July 11, 2019. Thereafter, the selling and marketing expenses have been charged at the rate of 0.7% per annum of the average annual net assets from July 12, 2019 to June 30, 2020 (June 30, 2019: 0.4% per annum of the average annual net assets). This has been duly approved by the Board of Directors of the Management Company.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE	Note	2020	2019
			----- Rupees in '000 -----	
	Trustee fee payable	9.1	84	137
	Sindh sales tax payable on Trustee fee	9.2	11	18
			<b>95</b>	<b>155</b>



2020		2019
Net assets (Rs)	Fee	
- up to Rs 1 billion	0.17% per annum of net assets	0.065% per annum of net assets
-from Rs 1 billion to Rs 5 billion	Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1 billion	
- exceeding Rs 5 billion	Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5 billion million	

9.2 During the year, an amount of Rs 0.068 million (2019: 0.119 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 @ 13% (2019: 13%).

	Note	2020	2019
		-----Rupees in '000-----	
<b>10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable	10.1	<u>161</u>	<u>536</u>

10.1 In accordance with the NBFC Regulations, 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee (applicable to all categories of CISs) to 0.02% per annum of the average annual net assets of the Fund. Previously, the rate of annual fee applicable to income funds was 0.075% per annum of the average annual net assets. Accordingly, the Fund has charged SECP fee at the rate of 0.02% per annum of the average annual net assets during the current year.

	Note	2020	2019
		-----Rupees in '000-----	
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision against Sindh Workers' Welfare Fund	11.1	<b>4,443</b>	1,720
Auditors' remuneration		<b>263</b>	269
Brokerage payable		<b>104</b>	25
Dividend payable		-	25
Bank charges payable		<b>24</b>	70
Printing charges payable		<b>67</b>	46
Withholding tax payable		<b>53</b>	535
Capital gains tax payable		<b>132</b>	2,199
Legal and professional charges payable		<b>97</b>	31
		<u><b>5,183</b></u>	<u>4,920</u>

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



SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had 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 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value per unit of the Fund as at June 30, 2020 would have been higher by Re. 0.0664 per unit (June 30, 2019: Re 0.0162 per unit).

## 12 CONTINGENCIES AND COMMITMENTS

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

13 NUMBER OF UNITS IN ISSUE	2020	2019
	----- Number -----	
Total units in issue at the beginning of the year	105,846,683	13,297,449
Units issued during the year	373,082,601	220,509,415
Less: units redeemed during the year	412,046,054	127,960,181
Total units in issue at the end of the year	<u>66,883,230</u>	<u>105,846,683</u>

14 AUDITORS' REMUNERATION	2020	2019
	-----Rupees in '000-----	
Annual audit fee	216	150
Half yearly review	86	60
Other certification	81	75
Out of pocket expenses	57	57
	<u>440</u>	<u>342</u>

## 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2020 is 1.71% (June 30, 2019: 1.24%) which includes 0.41% (June 30, 2019: 0.32%) representing government levies on the Fund such as sales taxes, Sindh Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

## 16 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in cash, no provision for taxation has been made in these financial statements during the year.

## 17 EARNINGS PER UNIT

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



## 18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP), 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.
- 18.2** Transactions with connected persons / related parties are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments. The transactions with connected persons / related parties are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 18.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 18.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 18.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 18.6** Details of the transactions with related parties / connected persons during the year are as follows:

	2020	2019
	-----Rupees in '000-----	
<b>NBP Fund Management Limited - the Management Company</b>		
Management fee	2,508	3,798
Sindh sales tax on remuneration to Management Company	326	494
Selling and marketing expenses	5,405	115
Allocated expenses	805	714
Sales and transfer load during the year/period	2,346	70
Sindh sale tax on sale load	305	9
Units issued: Nil units (2019: 18,399,781 units)	-	195,020
Units redeemed: 9,842,418 units (2019: 17,142,830 units)	105,248	187,748
Dividend reinvestment units issued: Nil units (2019: 340,761 units)	-	3,514
<b>National Bank of Pakistan - parent company</b>		
Purchase of Market Treasury Bills	274,410	-
Purchase of Pakistan Investment Bonds	93,536	-
Profit on bank deposits	96	5
<b>Key management personnel of the Management Company</b>		
Units issued: 5,332,284 units (2019: 967 units)	55,576	10
Units redeemed: 5,331,584 units (2019: 965 units)	55,825	10
Dividend reinvestment units issued: 22,487 units (2019: 3,547 units)	232	37
<b>NBP Mahana Amdani Fund</b>		
Sale of Market Treasury Bills	82,978	-



	2020	2019
	-----Rupees in '000-----	
<b>NBP Financial Sector Income Fund</b>		
Purchase of Market Treasury Bills	179,430	-
<b>NBP Income Opportunity Fund</b>		
Purchase of Market Treasury Bills	44,946	-
<b>Management Association of Pakistan - common directorship</b>		
Units issued: Nil units (2019: 276,469 units)	-	2,970
Units redeemed: Nil units (2019: 276,469 units)	-	3,067
<b>United Energy Pakistan Employees Gratuity Fund - unit holder with 10% or more holding</b>		
Units issued: Nil units (2019: 16,983,022 units)	-	175,000
Units redeemed: 17,472,453 (2019: Nil units)	184,240	-
Dividend reinvestment: Nil units (2019: 489,431 units)	-	5,045
<b>National Management Foundation - unit holder with 10% or more holding</b>		
Units issued: Nil units (2019: 14,256,548 units)	-	147,165
Units redeemed: 14,111,693 (2019: 590,622 units)	148,802	6,509
Dividend reinvestment: Nil units (2019: 445,768 units)	-	4,595
<b>Portfolio managed by the management company</b>		
Units issued: 80,578 units (2019: 5,905,469 units)	874	62,314
Units redeemed: 4,555,752 units (2019: 2,008,876 units)	47,794	22,289
Dividend reinvestment: 16 units (2019: 56,122 units)	-	579
Purchase of Pakistan Investment Bonds	65,287	-
Sale of Pakistan Investment Bonds	8,271	-
Purchase of Market Treasury Bills	208,287	-
<b>Khalid Mehmood - Chief Financial Officer</b>		
Units issued: 47,774 units (2019: Nil units)	500	-
<b>Century Insurance Company Limited - unit holder with 10% or more holding*</b>		
Units issued: 7,874,627 units (2019: Nil units)	81,262	-
Dividend reinvestment: 159,158 units (2019: Nil units)	1,643	-
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration to the Trustee	524	914
Sindh sales tax on remuneration to Trustee	68	119
<b>Pakistan Stock Exchange Limited - common directorship*</b>		
Listing fee paid	25	-
<b>BankIslami Pakistan Limited - common directorship</b>		
Profit on bank deposits	105	2



	2020	2019
	-----Rupees in '000-----	
<b>18.7 Amounts outstanding as at year end are as follows:</b>		
<b>NBP Fund Management Limited - the Management Company</b>		
Management fee payable	175	555
Sindh sales tax payable on remuneration of the Management Company	23	72
Federal Excise Duty on remuneration of the Management Company	1,864	1,864
Federal Excise Duty on sales load	371	371
Sales and transfer load payable	2,307	201
Sindh sales tax on sales load payable	320	46
Allocated expenses payable	255	650
Selling and marketing expenses payable	1,786	-
Other payables	45	45
Units held: Nil units (2019: 9,842,418 units)	-	101,570
<b>Key management personnel of the Management Company</b>		
Units held: 154,960 units (2019: 34,717 units)	1,604	358
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Trustee fee payable	84	137
Sindh sales tax payable on Trustee fee	11	18
Security deposit	102	102
<b>Portfolio managed by the management company</b>		
Units held: 232 units (2019: 4,006,065 units)	2	41,341
<b>Khalid Mehmood - Chief Financial Officer</b>		
Units held: 47,774 units (2019: Nil units)	494	-
<b>National Management Foundation - unit holder with 10% or more holding**</b>		
Units held: Nil units (2019: 14,111,693 units)	-	145,627
<b>United Energy Pakistan Employees Gratuity Fund - unit holder with 10% or more holding**</b>		
Units held: Nil units (2019: 17,472,453 units)	-	180,309
<b>Century Insurance Company Limited - unit holder with 10% or more holding*</b>		
Units held: 8,033,785 units (2019: Nil units)	83,142	-
<b>National Bank of Pakistan - parent company</b>		
Bank balance in savings account	393	449
Profit receivable	5	-
<b>Summit Bank**</b>		
Bank balance in current account	-	1,059
<b>Bank Islami Pakistan Limited</b>		
Bank balance in savings account	1,093	49
Profit receivable	29	-
* Prior period comparative has not been shown as the company was not a related party / connected person as at June 30, 2019		
** Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2020		
<b>18.8</b> Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.		





## 19 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets

Bank balances	214,955	-	214,955
Investments	-	527,289	527,289
Profit receivable	14,519	-	14,519
Receivable against issuance of units	345	-	345
Deposit, prepayment and other receivables	102	-	102
	<u>229,921</u>	<u>527,289</u>	<u>757,210</u>

----- 2020 -----		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		
214,955	-	214,955
-	527,289	527,289
14,519	-	14,519
345	-	345
102	-	102
<u>229,921</u>	<u>527,289</u>	<u>757,210</u>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	7,146	-	7,146
Payable to Central Depository Company of Pakistan Limited - the Trustee	95	-	95
Payable against purchase of investments	52,638	-	52,638
Payable against redemption of units	744	-	744
Accrued expenses and other liabilities	555	-	555
	<u>61,178</u>	<u>-</u>	<u>61,178</u>

----- 2020 -----		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		
7,146	-	7,146
95	-	95
52,638	-	52,638
744	-	744
555	-	555
<u>61,178</u>	<u>-</u>	<u>61,178</u>

### Financial assets

Bank balances	861,816	-	861,816
Investments	-	736,275	736,275
Profit receivable	12,356	-	12,356
Deposit, prepayment and other receivables	102	-	102
	<u>874,274</u>	<u>736,275</u>	<u>1,610,549</u>

----- 2019 -----		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		
861,816	-	861,816
-	736,275	736,275
12,356	-	12,356
102	-	102
<u>874,274</u>	<u>736,275</u>	<u>1,610,549</u>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	1,569	-	1,569
Payable to Central Depository Company of Pakistan Limited - the Trustee	155	-	155
Payable against purchase of investments	509,729	-	509,729
Accrued expenses and other liabilities	466	-	466
	<u>511,919</u>	<u>-</u>	<u>511,919</u>

----- 2019 -----		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000-----		
1,569	-	1,569
155	-	155
509,729	-	509,729
466	-	466
<u>511,919</u>	<u>-</u>	<u>511,919</u>





## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### 20.1 Market risk

Market 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.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

#### (i) Yield / profit rate risk

Yield / profit rate 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 profit rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks, investment in Pakistan Investment Bonds and Market Treasury Bills. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

Presently, the Fund holds bank balances which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 2.14 million (2019: Rs 8.61 million).

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

Presently, the Fund holds Government securities and a term deposit receipt which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 5.27 million (2019: Rs. 7.36 million).

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:



2020					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

Rupees in '000

### Financial assets

Bank balances	4.5% - 15.5%	213,755	-	-	1,200	214,955
Investments	7.05% - 15.6%	35,000	58,540	433,749	-	527,289
Profit receivable		-	-	-	14,519	14,519
Receivable against issuance of units		-	-	-	345	345
Deposits, prepayments and other receivables		-	-	-	102	102
		248,755	58,540	433,749	16,166	757,210

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	7,146	7,146
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	95	95
Payable against purchase of investments		-	-	-	52,638	52,638
Payable against redemption of units		-	-	-	744	744
Accrued expenses and other liabilities		-	-	-	555	555
		-	-	-	61,178	61,178

### On-balance sheet gap

248,755	58,540	433,749	(45,012)	696,032
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### Total profit rate sensitivity gap

248,755	58,540	433,749
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### Cumulative profit rate sensitivity gap

248,755	307,295	741,044
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2019					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

Rupees in '000

### Financial assets

Bank balances	3.75% - 14.5%	860,757	-	-	1,059	861,816
Investments	7.25% - 12.58%	509,729	-	226,546	-	736,275
Profit receivable		-	-	-	12,356	12,356
Deposits, prepayments and other receivables		-	-	-	102	102
		1,370,486	-	226,546	13,517	1,610,549

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company		-	-	-	1,569	1,569
Payable to Central Depository Company of Pakistan Limited - the Trustee		-	-	-	155	155
Payable against purchase of investments		-	-	-	509,729	509,729
Accrued expenses and other liabilities		-	-	-	466	466
		-	-	-	511,919	511,919

### On-balance sheet gap

1,370,486	-	226,546	(498,402)	1,098,630
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### Total profit rate sensitivity gap

1,370,486	-	226,546
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### Cumulative profit rate sensitivity gap

1,370,486	1,370,486	1,597,032
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## (ii) 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## (iii) Price risk

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

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

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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 redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:



2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

### Financial assets

Bank balances	
Investments	
Profit receivable	
Receivable against issuance of units	
Deposit, prepayment and other receivables	

214,955	-	-	-	-	-	214,955
-	35,000	58,540	396,771	36,978	-	527,289
14,519	-	-	-	-	-	14,519
345	-	-	-	-	-	345
102	-	-	-	-	-	102
<b>229,921</b>	<b>35,000</b>	<b>58,540</b>	<b>396,771</b>	<b>36,978</b>	<b>-</b>	<b>757,210</b>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	
Payable to Central Depository Company of Pakistan Limited - the Trustee	
Payable against purchase of investments	
Payable against redemption of units	
Accrued expenses and other liabilities	

7,146	-	-	-	-	-	7,146
95	-	-	-	-	-	95
52,638	-	-	-	-	-	52,638
744	-	-	-	-	-	744
292	263	-	-	-	-	555
<b>60,915</b>	<b>263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,178</b>

### Net assets

<b>169,006</b>	<b>34,737</b>	<b>58,540</b>	<b>396,771</b>	<b>36,978</b>	<b>-</b>	<b>696,032</b>
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2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

### Financial assets

Bank balances	
Investments	
Profit receivable	
Deposits and other receivables	

861,816	-	-	-	-	-	861,816
-	509,729	-	226,546	-	-	736,275
12,356	-	-	-	-	-	12,356
102	-	-	-	-	-	102
<b>874,274</b>	<b>509,729</b>	<b>-</b>	<b>226,546</b>	<b>-</b>	<b>-</b>	<b>1,610,549</b>

### Financial liabilities

Payable to NBP Fund Management Limited - the Management Company	
Payable to Central Depository Company of Pakistan Limited - the Trustee	
Payable against purchase of investments	
Accrued expenses and other liabilities	

1,569	-	-	-	-	-	1,569
155	-	-	-	-	-	155
509,729	-	-	-	-	-	509,729
197	269	-	-	-	-	466
<b>511,650</b>	<b>269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>511,919</b>

### Net assets

<b>362,624</b>	<b>509,460</b>	<b>-</b>	<b>226,546</b>	<b>-</b>	<b>-</b>	<b>1,098,630</b>
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## 20.3 Credit risk

**20.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
Bank balances	214,955	214,955	861,816	861,816
Investments	527,289	35,000	736,275	-
Profit receivable	14,519	2,623	12,356	3,725
Receivable against issuance of units	345	345	-	-
Deposits, prepayments and other receivables	102	102	102	102
	<u>757,210</u>	<u>253,025</u>	<u>1,610,549</u>	<u>865,643</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. Investment in government securities and its accrued profit, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

### 20.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, profit accrued thereon, and investments. The credit rating profile of balances with banks and investments are as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	2.27	-
AA+	0.53	-
AA	-	-
AA-	5.30	0.37
A+	7.94	0.07
A	12.56	-
A-	-	0.09
BBB-	0.16	-
	<u>28.76</u>	<u>0.53</u>

## 21 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.



## Fair value hierarchy

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020 and June 30, 2019, the Fund held the following financial instruments measured at fair values:

----- As at June 30, 2020 -----				
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	----- Rupees in '000 -----			
<b>Financial assets 'at fair value through profit or loss'</b>				
Market Treasury Bills	-	58,540	-	58,540
Pakistan Investment Bonds	-	433,749	-	433,749
Term deposit receipt*	-	35,000	-	35,000
	-	527,289	-	527,289

----- As at June 30, 2019 -----				
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	----- Rupees in '000 -----			
<b>Financial assets 'at fair value through profit or loss'</b>				
Market Treasury Bills	-	509,729	-	509,729
Pakistan Investment Bonds	-	226,546	-	226,546
	-	736,275	-	736,275

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

## 22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' Fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription 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' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.



In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 23 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	408	411,802	59.49	202	147,866	13.54
Insurance companies	1	83,142	12.01	-	-	-
Retirement funds	17	92,069	13.30	23	476,059	43.58
Others	11	105,160	15.19	23	366,802	33.58
Associated companies	-	-	-	1	101,570	9.30
	<b>437</b>	<b>692,173</b>	<b>100</b>	<b>249</b>	<b>1,092,297</b>	<b>100</b>

## 24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Invest One Markets Limited	48.19%	Invest One Markets Limited	60%
Bright Capital (Private) Limited	44.32%	Bright Capital (Private) Limited	40%
Vector Capital (Private) Limited	0.53%		
Continental Management (Private Limited)	0.38%		
Continental Exchange (Private Limited)	0.38%		
Icon Capital Management (Private) Limited	5.84%		
Optimus Markets (Private) Limited	0.38%		

24.1 The Fund has traded with only the above mentioned seven brokers / dealers during the year ended June 30, 2020 (2019: two brokers / dealers).

## 25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience in years
Dr. Amjad Waheed	Chief Executive Officer	MBA / Doctorate in Business Administration / CFA	32
Mr. Sajjad Anwar	Chief Investment Officer	CFA / MBA	20
Mr. Asim Wahab Khan	Deputy Chief Investment Officer	CFA	14
Mr. Hassan Raza	Head of Research	ACCA / BSC / CFA	9
Muhammad Ali Bhabha	Head of Fixed Income	CFA, MBA, FRM and MS	25



## 26 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Muhammad Ali Bhabha	Fund Manager	CFA, MBA, FRM and MS	NAARFSF, NFSIF, NGSLF, NGSF I, NIOF, NIDDF, NIMAF, NIMMF, NBP - ISF, NMAF, NMMF, NRFSF, NBP - SF

## 27 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 72nd, 73rd, 74th, 75th Board meetings were held on August 30, 2019, October 24, 2019, February 27, 2020, April 27, 2020, respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held / Applicable	Attended	Leave granted	
Shaikh Muhammad Abdul Wahid Sethi	4	4	-	-
Mr. Saad ur Rahman Khan [note 27.1]	3	2	1	74th Meeting
Syed Hasan Irtiza Kazmi [note 27.2]	3	3	-	-
Mr. Nasir Husain [note 27.3]	1	-	1	72nd Meeting
Mr. Abdul Hadi Palekar [note 27.4]	1	-	1	72nd Meeting
Mr. Ali Saigol	4	4	-	-
Mr. Imran Zaffar	4	4	-	-
Mr. Kamal Amir Chinoy [note 27.5]	1	1	-	-
Mr. Khalid Mansoor [note 27.6]	3	3	-	-
Mr. Humayun Bashir	4	4	-	-
Mr. Shehryar Faruque [note 27.7]	1	1	-	-
Mr. Saad Amanullah Khan [note 27.8]	3	3	-	-
Dr. Amjad Waheed	4	4	-	-

27.1 Mr. Saad ur Rahman Khan was appointed as director on the Board with effect from October 04, 2019.

27.2 Syed Hasan Irtiza Kazmi was appointed as director on the Board with effect from October 04, 2019.

27.3 Mr. Nasir Husain retired from the Board with effect from October 04, 2019.

27.4 Mr. Abdul Hadi Palekar retired from the Board with effect from October 04, 2019.

27.5 Mr. Kamal Amir Chinoy retired from the Board with effect from October 04, 2019.

27.6 Mr. Khalid Mansoor was appointed as director on the Board with effect from October 04, 2019.

27.7 Mr. Shehryar Faruque retired from the Board with effect from October 04, 2019.

27.8 Mr. Saad Amanullah Khan was appointed as director on the Board with effect from October 04, 2019.

## 28 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.





## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 17, 2020.

## 30 GENERAL

Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.

### 30.1 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- c) Time period to ensure compliance with the minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- d) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

### 30.2 Operational risk management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

For NBP Fund Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



## PERFORMANCE TABLE

Particulars	For the Period ended June 30, 2020	For the Period ended June 30, 2019	For the Period ended June 30, 2018	For the Period ended June 30, 2017	For the Period ended June 30, 2016	For the period from July 10, 2014 to June 30, 2015
Net assets (Rs. '000')	692,173	1,092,297	143,889	107,761	303,909	545,763
Net Income / (loss) (Rs. '000')	133,433	57,364	7,384	5,983	13,852	79,310
Net Asset Value per units (Rs.)	10.3490	10.3196	10.8208	10.3042	10.2882	11.3972
Offer price per unit	10.4659	10.4362	10.9431	10.4206	10.4243	11.5492
Redemption price per unit	10.3490	10.3196	10.8208	10.3042	10.2882	11.3972
Ex - Highest offer price per unit (Rs.)	10.4976	10.4362		10.4230	10.4243	10.4859
Ex - Lowest offer price per unit (Rs.)	8.5399	9.6886		9.8660	9.7948	9.1493
Ex - Highest redemption price per unit (Rs.)	10.3803	10.3196		10.3065	10.2882	10.3479
Ex - Lowest redemption price per unit (Rs.)	8.5399	9.5770		9.7451	9.6645	9.0289
Fiscal Year Opening Ex Nav	8.5372	9.5704		9.7438	9.6627	9.0276
Total return of the fund	21.16%	7.83%		5.75%	6.47%	13.97%
Capital growth	1.78%	0.16%		-0.15%	-0.01%	1.67%
Income distribution as a % of e x nav	19.38%	7.67%	5.01%	5.90%	6.48%	12.30%
Income distribution as a % of par value	20.00%	7.91%	5.16%	5.75%	6.67%	11.10%
Interim distribution per unit	2.0001			0.5748	0.6667	-
Final distribution per unit		0.7905	0.5162	-	-	1.1104
<b>Distribution dates</b>						
Interim	29-Oct-19			21-Jun-17	30-Jun-16	-
Interim	28-Nov-19					
Interim	27-Dec-19					
Interim	28-Jan-20					
Interim	27-Feb-20					
Interim	27-Mar-20					
Interim	29-Apr-20					
Interim	29-May-20					
Final		26-Jun-19	4-Jul-18	-	-	14-Jul-15
Average annual return (launch date 10-07-14)						
(Since inception to June 30, 2020)	9.93%					
(Since inception to June 30, 2019)		7.80%				
(Since inception to June 30, 2017)				8.74%		
(Since inception to June 30, 2016)					10.29%	
(Since inception to June 30, 2015)						14.40%
Portfolio Composition (Please see Fund Manager Report)						
Weighted average portfolio duration	662 Days	146 Days	13 Days	5 Days	160 Days	82 Days

*"Past performance is not necessarily indicative of future performance and that unit prices and investment return returns may go down, as well as up."*

## Head Office

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