NBP FUNDS

Managing Your Savings

AM1

Rated by PACRA

NAFA GOVERNMENT SECURITIES SAVINGS FUND

QUARTERLY REPORT

SEPTEMBER 30, 2018

MISSION STATEMENT

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

Contents

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

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

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Strategy & Business Planning Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
United Bank Limited
National Bank of Pakistan
Summit Bank Limited
JS Bank Limited
Khushhali Bank Limited
Sindh Bank Limited
Samba Bank Limited
Bankislami Pakistan Limited
Zarai Taraqiati Bank Limited
Telenor Microfinace Bank Limited
U Microfinance Bank Limited

Auditors

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

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the unaudited Condensed Interim financial statements of **NAFA Government Securities Savings Fund (NGSSF)** for the quarter ended September 30, 2018.

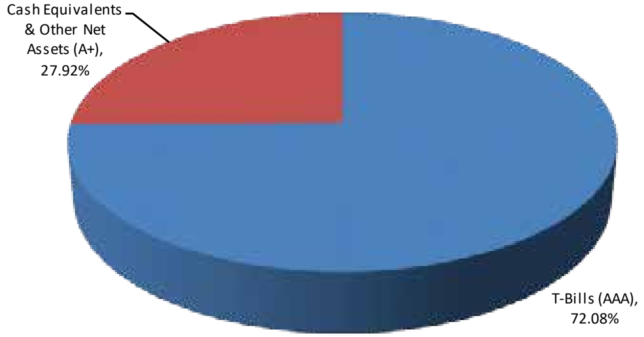
Fund's Performance

The size of NAFA Government Securities Savings Fund has decreased from Rs. 144 million to Rs. 138 million during the quarter, i.e. a fall of around 4%. During the period under review, the unit price of the Fund has increased from Rs. 10.3046 (Ex-Div) on June 30, 2018 to Rs. 10.4669 on September 30, 2018; thus posting a return of 6.2% as compared to its Benchmark return of 7.8%. The performance of the Fund is net of management fee and all other expenses.

NAFA 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.

During the period under review, the SBP hiked the discount rate by 200 basis points to 9% driven by upside risks to inflation and to rein in demand pressures to address ballooning current account deficit coupled with dwindling FX reserves. Average CPI inflation increased to 5.6% in Jul-Sep FY19 compared to 3.4% during the same period last year owing to increased international oil prices & its pass-through impact, higher regulatory duty on imports, depreciating Pak rupee, and excessive reliance of the government on the banking system for fiscal financing amid shrinking Net Foreign Assets (NFA). Given potential upside risks to inflation and interest rates, investors' preference remained tilted towards short-term government securities as indicated by heavy participation in 3-month T-bills. The sovereign securities responded to the hike in the policy rates, as the yield curve witnessed an upward shift with yield on short-term T-Bills increasing by 136-142 basis points, whereas 3-year, 5-year, and 10-year PIBs yields moved up by 98 basis points, 77 basis points, and 102 basis points, respectively.

The Fund has earned a total income of Rs.2.80 million during the year. After deducting total expenses of Rs. 0.61 million, the net income is Rs. 2.19 million. The asset allocation of NAFA Government Securities Savings Fund as on September 30, 2018 is as follows:



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: October 30, 2018
Place: Karachi.

ڈائریکٹرز رپورٹ

این بی پی فنڈ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA گورنمنٹ سیکیورٹیز سیونگز فنڈ (NGSSF) کی 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے لیے کنڈینسڈ غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کررہے ہیں۔

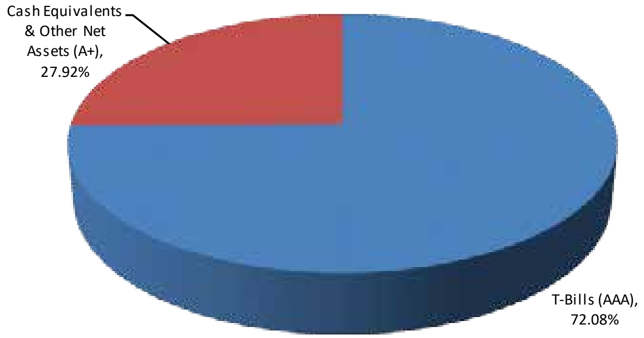
فنڈ کی کارکردگی

NAFA گورنمنٹ سیکیورٹیز سیونگز فنڈ (NGSSF) کا سائز اس مدت کے دوران 144 ملین روپے سے گھٹ کر 138 ملین روپے ہوگیا ہے یعنی تقریباً 4% کی کمی۔ زیرِ جائزہ مدت کے دوران فنڈ کے یونٹ کی قیمت 30 جون 2018 کو 10.3046 روپے (Ex-Div) سے بڑھ کر 30 ستمبر 2018 کو 10.4669 روپے ہوچکی ہے اور اس طرح فنڈ نے اپنے بنچ مارک منافع 7.8% کے مقابلے میں 6.2% اضافہ دکھایا ہے۔ فنڈ کی یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NAFA گورنمنٹ سیکیورٹیز سیونگز فنڈ (NGSSF) اپنے اثاثوں کا کم از کم 70% گورنمنٹ سیکیورٹیز میں سرمایہ کاری کرتا ہے۔۔ فنڈ اپنے اثاثوں کا کم از کم 10%، 90 دن سے کم مدت کے T-Bills یا بینکوں کے ساتھ سیونگ اکاؤنٹس میں انویسٹ کرتا ہے جس سے فنڈ کے لیکویڈیٹی پروفائل میں اضافہ ہوجاتا ہے۔

زیرِ جائزہ مدت کے دوران بڑھتے ہوئے اکاؤنٹ کے خسارے کی روک تھام کے لئے افراطِ زر میں خدشات کے پیشِ نظر اور زرمبادلہ کے زخائر میں کمی کے باعث اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح 200 بیسس پوائنٹ اضافے کے ساتھ 9% کردی۔ جولائی۔ستمبر مالی سال 19 میں اوسط CPI افراطِ زر میں 5.6% کا اضافہ ہوا جب کہ اس کے مقابلے میں گزشتہ سال اسی مدت میں 3.4% کا اضافہ ہوا تھا اس کی وجہ بین الاقوامی تیل کی قیمتوں میں اضافہ اور اس کے اثرات، درآمدات پر ریگولیٹری ڈیوٹی میں اضافہ، پاکستانی روپے کی قدر میں کمی اور خالص غیر ملکی اثاثہ جات میں کمی کے ساتھ ساتھ مالی فنانسنگ کے لئے حکومت کا بینکنگ کے شعبہ پر بہت زیادہ انحصار کرنا تھا۔ افراطِ زر کے خدشات اور شرح سود میں اضافہ کے پیشِ نظر سرمایہ کاروں نے حکومت کی قلیل المدت سیکورٹیز کو ترجیح دی جس کا اندازہ 3-month ٹی بلز میں ان کی بھاری تعداد میں شرکت سے ہوتا ہے۔ پالیسی کی شرح میں اضافہ سے بڑی سیکورٹیز پر نمایاں اثر پڑا اور قلیل المدت ٹی بلز کے نتائج میں 142-136 بیسس پوائنٹ کا اضافہ ہوا جبکہ 3 سال، 5 سال اور 10 سال کے PIBs میں بالترتیب 98 بیسس پوائنٹ، 77 بیسس پوائنٹ اور 102 بیسس پوائنٹ کا اضافہ ہوا۔

فنڈ نے اس سال کے دوران 2.80 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 0.61 ملین روپے اخراجات منہا کرنے کے بعد خالص آمدنی 2.19 ملین روپے ہے۔ NAFA گورنمنٹ سیکیورٹیز سیونگز فنڈ (NGSSF) کی ایسیٹ ایلوکیشن 30 ستمبر 2018 کو بمطابق ذیل ہے:



اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منیجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابلِ قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُرخلوص اظہارِ تشکر کرتا ہے۔

بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز
NBP فنڈ مینیجمنٹ لمیٹڈ

چیف ایگزیکٹیو **ڈائریکٹر**

بتاریخ
30 اکتوبر 2018ء
مقام: کراچی

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2018

	Note	Un-Audited September 30,2018	Audited June 30,2018
		(Rupees in '000)	
ASSETS			
Balances with banks		40,782	103,911
Investments	4	99,765	107,623
Profit receivable	5	275	27
Deposits and prepayments		935	828
Total assets		141,756	212,389
LIABILITIES			
Payable to the Management Company		299	360
Payable to Central Depository Company of Pakistan Limited - Trustee		22	23
Payable to Securities and Exchange Commission of Pakistan		26	114
Payable against purchase of investments		-	64,813
Accrued expenses and other liabilities	6	2,992	3,190
Total liabilities		3,340	68,500
NET ASSETS		138,416	143,889
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		138,416	143,889
CONTINGENCIES AND COMMITMENTS	7		
Number of units in issue		13,224,182	13,297,449
NET ASSET VALUE PER UNIT		10.4669	10.8208

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer **Chief Executive Officer** **Director**

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	For the Quarter ended September 30, 2018	For the Quarter ended September 30, 2017
		(Rupees in '000)	
INCOME			
Income from treasury bills		1,986	1,495
Profit on bank deposits		858	786
Capital (loss) on sale of investmens - net		(16)	-
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(27)	(16)
Total income		2,801	2,265
EXPENSES			
Remuneration of the Management Company		224	196
Sindh sales tax on remuneration of the Management Company		29	26
Accounting and operational expenses		35	35
Remuneration of Central Depository Company of Pakistan Limited - Trustee		60	59
Sindh sales tax on remuneration of Trustee		8	8
Annual fee - Securities and Exchange Commission of Pakistan		27	26
Legal & Professional charges		8	-
Settlement and bank charges		11	8
Annual listing fee		9	8
Auditors' remuneration		37	170
Fund rating fee		74	44
Printing charges		13	-
Selling and Marketing Expense	10	32	
Total Expenses		567	580
Net Income from operating activities		2,234	1,685
Provision for Sindh Workers' Welfare Fund	8	(45)	(34)
Net Income for the period before taxation		2,189	1,651
Taxation	9	-	-
Net income for the period after taxation		2,189	1,651
Earnings per unit	11	-	-
Allocation of Net income for the period:			
Income already paid on units redeemed		(47)	(63)
Accounting income available for distribution:			
- Relating to Capital Gains		-	(15)
- Excluding Capital Gains		2,142	1,603
Accounting Income available for distribution		**2,142**	**1,588**

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer **Chief Executive Officer** **Director**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	For the Quarter ended September 30, 2018	For the Quarter ended September 30, 2017
	(Rupees in '000)	
Accounting income available for distribution	2,189	1,651
Other Comprehensive Income	-	-
Total comprehensive income for the period	2,189	1,651

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer **Chief Executive Officer** **Director**

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Sep-18 Capital Value	Sep-18 Undistributed income	Sep-18 Total	Sep-17 Capital Value	Sep-17 Undistributed income	Sep-17 Total
	(Rupees in '000)					
Net assets at beginning of the Period	**98,668**	**45,221**	**143,889**	68,909	38,852	107,761
Issuance of 1,816,040 units including 48,511 additional units (2017: 5,920,333 units)						
- Capital value	**18,214**	**-**	**18,214**	61,004	-	61,004
- Refund of Capital	**500**		**500**			
- Element of income	**45**	**-**	**45**	315	-	315
Total proceeds on issuance of units	**18,759**	**-**	**18,759**	61,319	-	61,319
Redemption of 1,889,306 units (2017: 1,271,562 units)						
- Capital value	**(19,469)**		**(19,469)**	(12,791)		(12,791)
-Element of loss	**(41)**	**(47)**	**(88)**	(378)		(378)
Total payments on redemption of units	**(19,510)**	**(47)**	**(19,557)**	(13,169)	-	(13,169)
Total comprehensive income for the Period	**-**	**2,189**	**2,189**	-	1,651	1,651
<u>**Final Distribution @ Rs.0.5162 declared on July 04, 2018**</u>						
- Cash distribution	**-**	**(6,364)**	**(6,364)**			
- Refund of Capital	**(500)**	**-**	**(500)**			
	(500)	**(6,364)**	**(6,864)**			
Net assets at end of the Period	**97,417**	**40,999**	**138,416**	117,059	40,503	157,562
Undistributed income brought forward						
- Realised		**45,248**			38,911	
- Unrealised		**(27)**			(59)	
		45,221			38,852	
Accounting income available for distribution:						
- Relating to capital gains		**-**				
- Excluding capital gains		**2,142**			1,651	
		2,142			1,651	
- Cash distribution		**(6,364)**				
Undistributed income carried forward		**40,999**			40,503	
Undistributed income carried forward						
- Realised		**41,026**			40,519	
- Unrealised		**(27)**			(16)	
		40,999			40,503	
			(Rupees)			**(Rupees)**
Net assets value per unit at beginning of the Period			**10.8208**			10.3042
Net assets value per unit at end of the Period			**10.4669**			10.4299

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	For the Quarter ended September 30, 2018	For the Quarter ended September 30, 2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income for the period	2,189	1,651
Adjustments		
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	27	16
	2,216	1,667
(Increase) / decrease in assets		
Investments	7,832	(29,535)
Profit receivable	(248)	(3)
Deposits and prepayments	(107)	30
	7,477	(29,508)
Increase / (decrease) in liabilities		
Payable to the Management Company	(61)	43
Payable to Central Depository Company of Pakistan Limited - Trustee	(1)	4
Payable to the Securities and Exchange Commission of Pakistan	(88)	(100)
Payable against purchase of investments	(64,813)	(89,971)
Accrued expenses and other liabilities	(198)	(2,488)
	(65,160)	(92,512)
Net cash (used in) operating activities	(55,467)	(120,353)
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from issue of units	18,259	61,170
Net payments on redemption of units	(19,557)	(13,169)
Cash Distribution	(6,364)	-
Net cash (used in) / generated from operating activities	(7,662)	48,001
Net (decrease) in cash and cash equivalents during the period	(63,129)	(72,352)
Cash and cash equivalents at the beginning of the period	103,911	114,253
Cash and cash equivalents at the end of the period	40,782	41,901

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer **Chief Executive Officer** **Director**

NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Government Securities Savings Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 05, 2014 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 30, 2014. under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Pakistan Stock Exchange. The Fund is categorized as an Open-End "Income Scheme" as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorization of Collective Investment Schemes (CIS).

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

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

Title of the assets of the Fund is held in the name of Central Depository Company of pakistan limited (CDC) as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

3 SUMMARY OF ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these unaudited condensed interim financial statements are the same as those applied in the Fund's annual audited financial statements for the year ended June 30, 2018.

IFRS 9: Financial Instruments ("IFRS 9"):

Effective July 1, 2018, the Fund adopted IFRS 9, which sets out requirements for recognition and measurement, impairment, derecognition, and general hedge accounting. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Impairment of financial assets is based on an expected credit loss ("ECL") model under IFRS 9, rather than the incurred loss model under IAS 39. However, SECP vide its letter to MUFAP dated November 21, 2017 relaxed the applicability of IFRS 9 impairment requirements for debt securities on mutual funds and deferred it till further instructions. The standard also adds guidance on the classification and measurement of financial liabilities.

14.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation. Except mentioned in Note no. 3, no significant rearrangement or reclassification was made in these condensed interim financial statements during the current period

			Un-audited As at September 30, 2018	Audited As at June 30, 2018
4	**Investments**			
			(Rupees in '000)	
	At fair Value through profit and loss			
	Market Treasury Bills	4.1	99,765	107,623

4.1 Investment in Treasury Bills

Issue date	Tenure	Face Value				Market Value (Rs. In '000') September 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchased during the period	Disposed / matured during the period	As at September 30, 2018			
26-Apr-18	6 Months	108,000	75,000	183,000	-	-	-	-
7-Jun-18	3 Months	-	20,000	20,000	-	-	-	-
19-Jul-18	3 Months	-	105,000	5,000	100,000	99,765	72.08	99.76
						99,765	72.08	99.76
Carrying value before fair value adjustment as at September 30, 2018						99,792		

		Un-audited As at September 30, 2018	Un-audited As at June 30, 2018
5	**PROFIT RECEIVABLE**	(Rupees in '000)	
	Savings deposits	275	27
6	**ACCRUED EXPENSES AND OTHER LIABILITIES**		
	Provision for Sindh Workers' Welfare Fund	594	399
	Federal Excise Duty on management remuneration	1,865	1,864
	Federal Excise Duty on sales load	371	371
	Auditors' remuneration	43	302
	Brokerage fee	-	8
	Bank charges	4	47
	Printing charges	27	58
	Withholding tax	34	1,078
	Capital gains tax	3	66
	Legal fee	19	2
	Selling and Marketing Expense Payable	32	
	Payable to NAFA Government Securities Liquid Fund (related party)	-	2,583
		2,992	6,778

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2018 and June 30, 2018.

8 PROVISION FOR SINDH WORKERS' WELFARE FUND

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

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

As at September 30, 2018, the provision in relation to SWWF amounted to Rs. 0.594 million (September 30, 2017: Rs. 0.433 million). Had the provision not being made, the net asset value per unit as at September 30, 2018 would have been higher by Rs.0.0449 per unit (September 30, 2017: Rs. 0.0286) per unit.

9 TAXATION

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

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

10 Selling and Marketing Expense

The SECP through its Circular No. SCD/PRDD/Circular/394/2018 (Circular No. 5 of 2018) dated 04 June 2018 allowed charging selling and marketing expenses to all categories of mutual funds (except fund of funds and money market funds) through amendments in condition numbers 1, 3(a) & 3(b) of Circular No. SCD/PRDD/Circular/361/2016 (Circular No. 40 of 2016) for charging of selling and marketing expenses to Collective Investment Scheme managed by Asset Management Companies (AMC).

Based on the requirements to fulfil for charging selling and marketing expense, the Management Company has started accruing the expense to the Fund at the rate of 0.4% per annum of the average annual net assets of the Fund w.e.f 10 September 2018.

11 EARNINGS PER UNIT

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

12 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.73% p.a. including 0.30% representing government levies on collective Investment scheme such as Sales tax, Sindh Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

13 TRANSACTIONS WITH CONNECTED PERSONS

13.1 Connected persons include NBP Fund Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, NBP provident Trust Fund being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

13.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

13.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulation and the Trust Deed.

	Un-audited For the Quarter ended September 30, 2018	Un-audited For the Quarter ended September 30, 2017
	(Rupees in '000)	
13.5 Details of the transactions with connected persons are as follows:		
NBP Fund Management Limited - Management Company		
Remuneration of the Management Company	224	196
Sindh sales tax on remuneration of the Management Company	29	26
Sales load	-	-
Accounting and operational expenses	35	35
Units issued / transferred In: 354,325 (2017: 4,816,816)	3,414	49,870
Employees of the Management Company		
Units redeemed / transferred out: 2,331 (2017: Nil units)	10	-
Units Issued / transferred in: 965 (2017: Nil units)	224	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	60	59
Sindh sales tax on remuneration of Trustee	8	8

	Un-audited As at September 30, 2018	Audited As at June 30, 2018
	(Rupees in '000)	
13.6 Amounts outstanding as at period end		
NBP Fund Management Limited - Management Company		
Management remuneration payable	53	72
Sindh Sales Tax payable	7	9
Accounting and operational expenses	35	76
Sales load and transfer load payable	122	122
Sales tax on sale load	36	36
Other payable	45	45
Units held: 8,599,030 units (June 30, 2018: 8,244,705 units)	90,005	89,214
Employees of the Management Company		
Units held: 32,534 units (June 30, 2018 31,169 units)	341	337
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	19	20
Security deposit	102	102
Sindh Sales Tax payable	3	3

	Un-audited As at September 30, 2018	Audited As at June 30, 2018
	(Rupees in '000)	
National Bank of Pakistan		
Bank Balance in Savings account	146	145
Profit receivable	-	2
Summit Bank		
Bank Balance in Current account	240	241
Bank Islami Pakistan Limited		
Bank Balance in Savings account	45	45
Profit receivable	-	1

13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 30, 2018.

14 GENERAL

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

14.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation. Except mentioned in Note no. 3, no significant rearrangement or reclassification was made in these condensed interim financial statements during the current period.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer **Chief Executive Officer** **Director**

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