

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

Filing Date: **1994-03-01** | Period of Report: **1993-12-31**
SEC Accession No. **0000892249-94-000002**

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FILER

TORCHMARK GOVERNMENT SECURITIES FUND INC

CIK: **892249** | State of Incorporation: **MD** | Fiscal Year End: **1231**
Type: **N-30D** | Act: **40** | File No.: **811-07053** | Film No.: **94513848**

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Torchmark

Government
Securities
Fund, Inc.

ANNUAL
REPORT

for the period ended December 31, 1993

FUND MANAGER'S LETTER

DECEMBER 31, 1993

Dear Shareholder:

This report relates to the operation of the Torchmark Government Securities Fund from its inception on February 26, 1993, through the end of its first fiscal year on December 31, 1993. The following discussion, graphs and tables provide you with information regarding the Fund's performance during that period.

During the past fiscal year, the Federal Reserve Bank maintained a steady monetary policy. As a result, the bond markets focused on economic growth and inflationary pressures. There were few signs of inflation, in spite of economic strength which developed toward the end of the fiscal year. From the inception of the Fund to the end of the fiscal year, interest rates for long-term bonds declined and the market yield of ten-year Treasury Notes fell. However, interest rates increased for Treasury Notes with maturities of less than ten years. These events resulted in significant appreciation in longer-term bond prices, slight appreciation in ten-year note prices, and depreciation in shorter-term note prices.

The Fund was well positioned for the varied movements in interest rates. The Fund held a significant amount of securities with long maturities, which out-performed the overall market in 1993. In addition, the Fund purchased fewer mortgage-backed securities with high-stated rates of interest, which underperformed during the year due to large prepayments of principal. The Fund successfully availed itself of lower-coupon, mortgage-backed securities that were subject to less risk of prepayment.

The strategies and techniques we applied resulted in the direction of the Fund's performance from its inception to the end of the fiscal year remaining fairly consistent with that of the indexes charted on the following page. Those indexes reflect the performance of securities that generally represent the U.S. government securities market (the Lehman Brothers Government Bond Index) and the universe of mutual funds with similar investment objectives (the Lipper Intermediate U.S. Government Fund Universe Average). The Fund's performance, which bettered the depicted indexes, was impacted positively during the period by its increased investments in longer maturity securities and lower-coupon, mortgage-backed securities.

In 1994, we anticipate continuation of the moderate growth in the economy that characterized most of 1993. As always, we will carefully analyze the economic data to watch for signs of economic acceleration which would lead to interest rate changes. We will also monitor the economy for any signs of increases in inflation that would impact the Fund. In general, we expect to continue to pursue the same strategies we have recently employed by continuing to invest in securities with long-term maturities, as well as recently issued mortgage-backed securities.

We appreciate your continued confidence.

Respectfully,
 John E. Sundeen, Jr.
 Manager, Torchmark Government Securities Fund, Inc.

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN
 TORCHMARK GOVERNMENT SECURITIES FUND, INC.,

The line graph which appears here in the paper version was filed on Form SE on March 1, 1994.

THE INVESTMENTS OF
 TORCHMARK GOVERNMENT SECURITIES FUND, INC.
 DECEMBER 31, 1993

	Principal Amount in Thousands	Value
UNITED STATES GOVERNMENT SECURITIES		
Federal National Mortgage Association:		
6.95%, 9-10-2002	\$100	\$ 104,250
7.0%, 7-25-2017	100	103,343
Total		207,593
Government National Mortgage Association:		
6.0%, 5-15-2017	94	90,441
7.5%, 9-15-2022	94	97,195
7.5%, 3-15-2023	90	93,137
7.0%, 5-15-2023	97	98,778
7.5%, 7-15-2023	42	43,693
Total		423,244
United States Treasury:		
5.75%, 8-15-2003	225	224,226
10.75%, 8-15-2005	115	160,515
0.0%, 5-15-2008	120	46,954
14.0%, 11-15-2011	100	169,828
9.25%, 2-15-2016	125	164,395

Total.....		765,918
Miscellaneous United States Government Backed Securities, Agency for International Development for the State of Israel, 8.5%, 4-1-2006	40	46,296
TOTAL UNITED STATES GOVERNMENT SECURITIES - 92.74% (Cost: \$1,429,324)		\$1,443,051
CASH AND OTHER ASSETS, NET OF LIABILITIES - 7.26%		112,937
NET ASSETS - 100.00%		\$1,555,988

Notes to Schedule of Investments

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 4 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

TORCHMARK GOVERNMENT SECURITIES FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 1993

Assets

Investment securities - at value (Notes 1 and 4)		\$1,443,051
Cash		89,583
Receivables:		
Interest		21,806
Fund shares sold		6,985
Unamortized organization expenses (Note 2)		31,850
Prepaid insurance premium		260

Total assets		1,593,535

Liabilities

Organization expenses payable		31,850
Payable for Fund shares redeemed		3,146
Accrued accounting services fee		833
Accrued transfer agency and dividend disbursing ..		322
Distribution fee payable		11
Other		1,385

Total liabilities		37,547

Total net assets.....		\$1,555,988

Net Assets	
\$0.01 par value capital stock, authorized -- 200,000,000; shares outstanding -- 153,131	
Capital stock	\$ 1,531
Additional paid-in capital	1,540,730
Accumulated undistributed gain:	
Net unrealized appreciation in value of investments at end of period	13,727

Net assets applicable to outstanding units of capital	\$1,555,988
	=====
Net asset value per share (net assets divided by shares outstanding)	\$10.16
	=====

See notes to financial statements.

TORCHMARK GOVERNMENT SECURITIES FUND, INC.

STATEMENT OF OPERATIONS

For the Period from February 26, 1993 through December 31, 1993

Investment Income	
Interest	\$65,922

Expenses (Notes 2 and 3):	
Accounting services fee	8,333
Transfer agency and dividend disbursing	6,799
Amortization of organization expenses	6,370
Report expense	6,358
Investment management fee	4,220
Audit fees	4,000
Legal fees	3,084
Distribution fee	2,657
Custodian fees	580
Registration fees	549
Other	360

Total	43,310
Less expenses in excess of limitation	(32,724)

Total expenses	10,586

Net investment income	55,336

Realized and Unrealized Gain on Investments

Realized net gain on investments	4,868
Unrealized appreciation in value of investments	

during the period	13,727

Net gain on investments	18,595

Net increase in net assets resulting from operations	\$73,931
	=====

See notes to financial statements.

TORCHMARK GOVERNMENT SECURITIES FUND, INC.

STATEMENT OF CHANGES IN NET ASSETS

For the period from February 26, 1993 through December 31, 1993

Increase in Net Assets

Operations:

Net investment income	\$ 55,336
Realized net gain on investments	4,868
Unrealized appreciation	13,727

Net increase in net assets resulting from operations	73,931

Dividends to shareholders from:*

Net investment income	(55,336)
Realized net gain from investment transactions	(4,868)

	(60,204)

Capital share transactions:

Proceeds from sale of shares (147,533 shares)	1,487,589
Proceeds from reinvestment of dividends and/or capital gains distribution (5,839 shares)	59,501
Payments for shares redeemed (10,241 shares)	(104,829)

Net increase in net assets resulting from capital share transactions	1,442,261

Total increase	1,455,988

Net Assets

Beginning of period	100,000

End of period	\$1,555,988

=====

Undistributed net investment	
income	\$---
	=====

*See "Financial Highlights" on page 8.

See notes to financial statements.

TORCHMARK GOVERNMENT SECURITIES FUND, INC.

FINANCIAL HIGHLIGHTS

For a Share of Capital Stock Outstanding
Throughout the Period from February 26, 1993
through December 31, 1993

Net asset value, beginning of period	\$10.00

Income from investment operations:	
Net investment income	0.45
Net realized and unrealized gain on investments	0.19

Total from investment operations	0.64

Less distributions:	
Dividends from net investment income	(0.45)
Distribution from capital gains	(0.03)

Total distributions	(0.48)

Net asset value, end of period	\$10.16
	=====
Total return	7.73%*
Net assets, end of period (000 omitted)	\$1,556
Ratio of expenses to average net assets	1.00%*
Ratio of net investment income to average net assets ..	5.21%*
Portfolio turnover rate	79.58%*

*Annualized

See notes to financial statements.

TORCHMARK GOVERNMENT SECURITIES FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993

NOTE 1 -- Significant Accounting Policies

Torchmark Government Securities Fund, Inc. (the "Fund") is registered under

the Investment Company Act of 1940 as a diversified, open-end management investment company. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

- A. Security valuation -- The Fund invests in securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities and in options and futures contracts on those securities. Government debt securities are valued using a pricing system provided by a major dealer in bonds. Other securities are valued at the latest sale price thereof on the last business day of the fiscal period as reported by the principal securities exchange on which the issue is traded or, if no sale is reported, the average of the latest bid and asked prices. Short-term debt securities are valued at amortized cost, which approximates market.
- B. Security transactions and related investment income -- Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Securities gains and losses are calculated on the identified cost basis. Interest income is recorded on the accrual basis and includes differences between cost and face amount on principal reductions of securities. See Note 4 -- Investment Security Transactions.
- C. Federal income taxes -- It is the Fund's policy to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under the Internal Revenue Code. In addition, the Fund intends to pay distributions as required to avoid imposition of excise tax. Accordingly, provision has not been made for Federal income taxes. See Note 5 -- Federal Income Tax Matters.
- D. Dividends and distributions -- All of the Fund's net investment income is declared and recorded by the Fund as dividends payable on each day to shareholders of record at the time of the previous determination of net asset value.

NOTE 2 -- Organization

The Fund was incorporated in Maryland on September 9, 1992 and was inactive (except for matters relating to its organization and registration as an investment company under the Investment Company Act of 1940 and registration of shares under the Securities Act of 1933) until February 26, 1993 (the date of the initial public offering).

On February 17, 1993, Waddell & Reed, Inc. ("W&R") purchased for investment 10,000 shares of the Fund at their net asset value of \$10.00 per share. On February 26, 1993, United Investors Life Insurance Company ("UILIC"), an affiliate of W&R, purchased 100,000 shares of the Fund. As of December 31, 1993, UILIC owned 104,808 shares.

The Fund's organizational expenses in the amount of \$38,220 were advanced to the Fund by W&R and are an obligation to be paid by the Fund. These expenses

are being amortized and are payable evenly over 60 months following the date of the initial public offering. In the event that all or any part of W&R's initial investment in the Fund's shares is redeemed before the full reimbursement of these organizational expenses, the Fund's obligation to make further reimbursement will cease.

NOTE 3 -- Investment Management and Payments to Affiliated Persons

Waddell & Reed Investment Management Company ("WRIMCO"), a wholly-owned subsidiary of W&R, acts as investment manager to the Fund and, as such, receives a fee for such services. The fee is accrued and paid daily at the annual rate of .40% of the Fund's net asset value.

The Torchmark Division of Waddell & Reed Services Company ("Torchmark Services"), another wholly-owned subsidiary of W&R, acts as transfer agent for the Fund and processes the payments of dividends to Fund shareholders. The Fund pays Torchmark Services a monthly fee of \$1.0208 for each shareholder account that was in existence at any time during the prior month, plus \$0.30 for each account on which a dividend or distribution of cash or shares had a record date in that month. The Fund also pays for certain out-of-pocket costs.

Torchmark Services also acts as agent ("Accounting Services Agent") in providing bookkeeping and accounting services and assistance to the Fund and pricing daily the value of shares of the Fund. For these services the Fund pays the Accounting Services Agent a monthly fee of 1/12th of the annual fee shown in the following table:

Accounting Services Fee	
Average Net Asset Level (dollars in millions)	Annual Fee Rate for Each Level
-----	-----
From \$ 0 to \$ 25	\$ 10,000
From \$ 25 to \$ 100	\$ 25,000
From \$ 100 to \$ 500	\$ 50,000
From \$ 500 to \$1,000	\$ 75,000
Above \$1,000	\$100,000

Under a Service Plan adopted by the Fund pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund may pay a fee to Torchmark Distributors, Inc. ("Torchmark Distributors"), another wholly-owned subsidiary of W&R, the principal underwriter for the Fund, and to Torchmark Services in an aggregate amount not to exceed .25% per annum of the Fund's net asset value accrued and paid daily to reimburse them for amounts expended in preparing, printing and distributing informational material to investors and Fund shareholders, providing yield and performance information and in answering telephone or written inquiries of investors concerning the Fund or shareholders concerning their accounts.

Torchmark Corporation guarantees that for at least three years commencing on February 26, 1993, the total expenses of the Fund, excluding brokerage commissions and extraordinary expenses, will not exceed 1% annualized of the

Fund's daily net asset value. To ensure that the Fund's daily expenses do not exceed this limit, first WRIMCO, Torchmark Distributors and Torchmark Services will waive or refund fees payable to them commencing with the service fee; then, if such reductions or refunds are inadequate to reduce the daily expenses below the 1% annualized limit, Torchmark Corporation will immediately pay to the Fund the amount by which the Fund's expenses computed daily exceed the 1% limit.

W&R is an indirect subsidiary of Torchmark Corporation, a publicly held company whose address is 2001 Third Avenue South, Birmingham, Alabama 35233. Torchmark Corporation is an insurance and financial services holding company whose shares are listed on the New York Stock Exchange. W&R is also an indirect subsidiary of United Investors Management Company, a holding company, and a direct subsidiary of Waddell & Reed Financial Services, Inc., a holding company.

NOTE 4 -- Investment Security Transactions

Purchases of U.S. Government securities, other than short-term securities, aggregated \$2,250,937 while proceeds from maturities and sales aggregated \$824,215. Purchases of short-term securities aggregated \$249,917 while proceeds from maturities and sales aggregated \$250,000. There was a net gain of \$4,868 on the sale of U.S. Government securities.

For Federal income tax purposes, cost of investments owned at December 31, 1993 was \$1,429,324, resulting in net unrealized appreciation of \$13,727, of which \$20,392 related to appreciated securities and \$6,665 related to depreciated securities.

NOTE 5 -- Federal Income Tax Matters

For Federal income tax purposes, the Fund realized capital gains net income of \$4,868 during the year ended December 31, 1993, and the entire amount of capital gains net income was distributed to shareholders within the year ended December 31, 1993.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Torchmark Government Securities Fund, Inc.:

We have audited the accompanying statement of assets and liabilities of Torchmark Government Securities Fund, Inc. (the "Fund"), including the schedule of investments, as of December 31, 1993, and the related statements of operations and changes in net assets and financial highlights (hereafter referred to as "financial statements") for the period February 26, 1993 through December 31, 1993. These financial statements are the responsibility of Fund management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 1993, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Torchmark Government Securities Fund, Inc. as of December 31, 1993, the results of its operations and changes in its net assets and financial highlights for the period February 26, 1993 through December 31, 1993 in conformity with generally accepted accounting principles.

KPMG Peat Marwick
Kansas City, Missouri
February 18, 1994

INCOME TAX INFORMATION

Dividends are declared and recorded by the Fund on each day the New York Stock Exchange is open for business. Dividends are paid monthly on the 27th of the month or on the preceding business day if the 27th is a weekend or holiday.

The dividends are not eligible for the dividend received deduction.

The tax status of dividends paid will be reported to you on Form 1099-DIV after the close of the applicable calendar year.

Shareholders are advised to consult with their tax adviser concerning the tax treatment of dividends and distributions from the Fund.

DIRECTORS

Ronald K. Richey, Birmingham, Alabama, Chairman of the Board
Henry L. Bellmon, Red Rock, Oklahoma
Dodds I. Buchanan, Boulder, Colorado
Jay B. Dillingham, Kansas City, Missouri
John F. Hayes, Hutchinson, Kansas
Glendon E. Johnson, Miami, Florida
William T. Morgan, Los Angeles, California
Doyle Patterson, Kansas City, Missouri
Keith A. Tucker, Overland Park, Kansas
Frederick Vogel, III, Milwaukee, Wisconsin
Paul S. Wise, Carefree, Arizona

Leslie S. Wright, Birmingham, Alabama

OFFICERS

Keith A. Tucker, President
Robert L. Hechler, Vice President
Henry J. Herrmann, Vice President
Theodore W. Howard, Vice President and Treasurer
Rodney O. McWhinney, Vice President
Sharon K. Pappas, Vice President and Secretary
John E. Sundeen, Jr., Vice President

To all IRA Planholders:

As required by law, income tax will automatically be withheld from any distribution or withdrawal from a retirement plan unless you make a written election not to have taxes withheld. The election may be made by submitting forms provided by Torchmark Services or by submitting Internal Revenue Service form W-4P. Once made, an election can be revoked by providing written notice to Torchmark Services. If you elect not to have tax withheld you may be required to make payments of estimated tax. Penalties may be imposed by the IRS if withholding and estimated tax payments are not adequate.

This space available for your notes and calculations.

This report is submitted for the general information of the shareholders of Torchmark Government Securities Fund, Inc. It is not authorized for distribution to prospective investors in the Fund unless accompanied with or preceded by the Torchmark Government Securities Fund, Inc. current prospectus.

TORCHMARK GOVERNMENT SECURITIES FUND, INC.
DECEMBER 31, 1993

FOR MORE INFORMATION:
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