



# NBP FUNDS

*Managing Your Savings*

**AM1**

Rated by PACRA

## NAFA GOVERNMENT SECURITIES LIQUID FUND

**QUARTERLY  
REPORT**  
March 31, 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	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	12
CONDENSED INTERIM CASH FLOW STATEMENT	13
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	14

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## FUND'S INFORMATION

### Management Company

#### **NBP Fund Management Limited - Management Company**

*Formerly: NBP Fullerton Asset Management Limited (NAFA)*

#### **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

#### **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**

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

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## **Auditors**

Deloitte Yousuf Adil  
Chartered Accountants  
Cavish Court,  
A-35, Block 7 & 8,  
KCHSU, Sharae Faisal  
Karachi-75350 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: 021 (111-111-632),  
(Toll Free): 0800-20002,  
Fax: (021) 35825329  
Website: [www.nbp funds.com](http://www.nbp funds.com)

## **Lahore Office:**

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

## **Islamabad Office:**

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

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited (Formerly; NBP Fullerton Asset Management Limited) is pleased to present the unaudited financial statements of **NAFA Government Securities Liquid Fund (NGSLF)** for the period ended March 31, 2018.

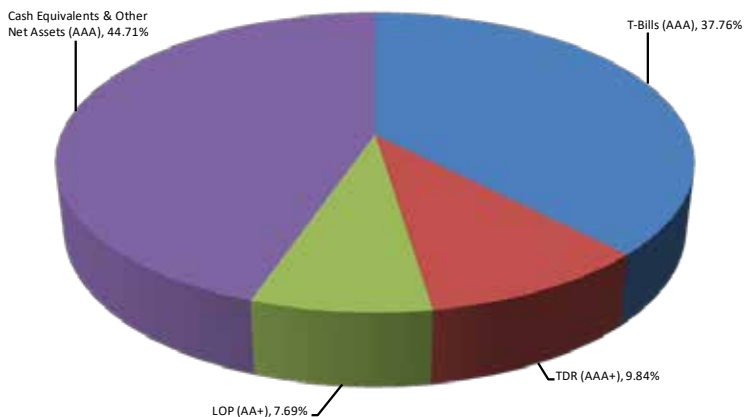
### Fund's Performance

The size of NAFA Government Securities Liquid Fund has increased from Rs. 4,598 million to Rs. 5,286 million during the period (i.e. a growth of 15%). During the period, the unit price of the Fund has increased from Rs. 10.1614 on June 30, 2017 to Rs. 10.5612 on March 31, 2018, thus showing a return of 5.2% as compared to the benchmark return of 5.2% for the same period. The performance of the Fund is net of management fee and all other expenses.

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

During the period under review, in its bi-monthly monetary policy review in January 2018, State Bank of Pakistan (SBP) increased the policy rate and discount rate by 25 basis points to 6.00% and 6.50%, respectively. After remaining range bound, sovereign yields responded to the recent increase in the policy rates and expectation of more to come in the near future. During the period under review, yields on T-bills for 3-month, 6-month, and 12-month, tenors increased by 41 basis points, 57 basis points and 71 basis points, respectively. Expecting upside risks to inflation and interest rates, investors' preference remained tilted toward short tenors.

The Fund has earned total income of Rs.222.56 million during the period. After deducting expenses of Rs.36.23 million, the net income is Rs. 186.33 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSLF:



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 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**  
(Formerly; NBP Fullerton Asset Management Limited)

Chief Executive Officer

Director

Date: April 30, 2018  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فنڈ منیجمنٹ لمیٹڈ (سابقہ: NBP فلٹرن ایسیٹ منیجمنٹ لمیٹڈ) کے بورڈ آف ڈائریکٹرز بعدِ مسرت 31 مارچ 2018 کو ختم ہونے والی مدت کے لئے NAFA گورنمنٹ سکیورٹیز لیکویڈ فنڈ (NGSLF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

NAFA گورنمنٹ سکیورٹیز لیکویڈ فنڈ کا سائز اس مدت کے دوران 4,598 ملین روپے سے بڑھ کر 5,286 ملین روپے ہو گیا، یعنی 15% کا اضافہ۔ فنڈ کے یونٹ کی قیمت 30 جون 2017 کو 10.1614 روپے سے 31 مارچ 2018 کو 10.5612 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لیے اپنے بیچ مارک منافع 5.2% کے مقابلے میں 5.2% منافع درج کرایا۔ فنڈ کی کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

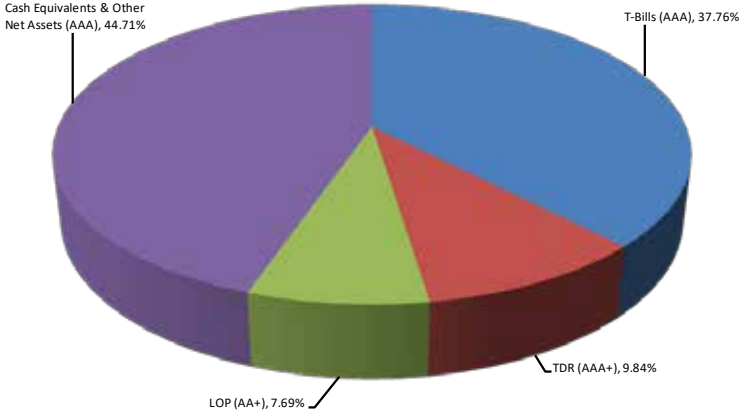
NGSLF کو PACRA کی طرف سے دی گئی اسٹیبلشمنٹ ریٹنگ 'AAA(f)' ہے۔ یہ ریٹنگ فنڈ کے غیر معمولی مستحکم کریڈٹ اور لیکویڈیٹی پروفائل کی عکاسی کرتی ہے۔ T بلز اس فنڈ کی بڑی ایسیٹ کلاس ہیں۔ مجموعی پورٹ فولیو کی 45 دن کی اوسط میچورٹی کے ساتھ گورنمنٹ سکیورٹیز (T بلز) میں کم از کم 70% سرمایہ کاری کے ساتھ فنڈ کے کریڈٹ، لیکویڈیٹی اور انٹرسٹ ریٹ کے خطرات کی زد میں آنے کے امکانات نہ ہونے کے برابر ہیں۔ فنڈ کو زیادہ سے زیادہ چھ ماہ کی میچورٹی کے ساتھ AA یا زائد ریٹنگ والے بینکوں/DFIs میں انویسٹ کرنے کی اجازت ہے۔

زیرِ جائزہ مدت میں اسٹیٹ بینک آف پاکستان (SBP) کی جنوری 2018 میں اپنی دو ماہ کی مانیٹری پالیسی میں پالیسی ریٹ اور ڈسکاؤنٹ ریٹ میں 25 پیس پوائنٹس کے اضافے سے انھیں بالترتیب 6.00% اور 6.50% تک پہنچا دیا ہے۔ بقیہ رینج کے محدود ہونے کے بعد (Sovereign) منافع نے حالیہ پالیسی ریٹس میں اضافے اور مستقبل قریب میں مزید اضافے کی توقع کا رد عمل ظاہر کیا۔ زیرِ جائزہ مدت کے دوران میں 3 ماہ، 6 ماہ اور 12 ماہ کیلئے T-Bills کے منافع میں بالترتیب 41 پیس پوائنٹس، 57 پیس پوائنٹس اور 71 پیس پوائنٹس کا اضافہ ہوا۔ افراطِ زر اور شرح سود سے متعلق بڑھتے ہوئے خدشات کی بنا پر سرمایہ کاروں کی ترجیح کا جھکاؤ مختصر مدت کی طرف رہا۔

فنڈ نے اس مدت کے دوران 225.56 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 36.23 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 186.33 ملین روپے ہے۔ درج ذیل چارٹ NGSLF کی ایسیٹ الیکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



# NAFA GOVERNMENT SECURITIES LIQUID FUND



## اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجمنٹ لمیٹڈ

(سابقہ: NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ)

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ

30 اپریل 2018

بمقام: کراچی

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2018

	Note	(Un- Audited) March 31 2018	(Audited) June 30, 2017
(Rupees in '000)			
<b>ASSETS</b>			
Bank balances		4,935,399	4,716,993
Investments	4	2,402,452	2,008,028
Mark-up accrued		2,172	329
Receivable against conversion of units		-	121
Advance, prepayment and other receivable		9,985	10,177
<b>Total assets</b>		<b>7,350,008</b>	<b>6,735,648</b>
<b>LIABILITIES</b>			
Payable to the Management Company		5,893	8,146
Payable to the Trustee		399	476
Payable to Securities and Exchange Commission of Pakistan		2,721	3,960
Payable on redemption of units		25	481
Payable against purchase of investment		1,996,706	2,009,345
Accrued expenses and other liabilities		58,752	107,822
Dividend payable		-	7,189
<b>Total liabilities</b>		<b>2,064,496</b>	<b>2,137,419</b>
<b>NET ASSETS</b>		<b>5,285,512</b>	<b>4,598,229</b>
Unit Holders' Funds (as per statement attached)		5,285,512	4,598,229
Contingencies and Commitments	6		
Number of units in issue		500,465,370	452,520,963
Net assets value per unit		10.5612	10.1614

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited  
(Formerly; NBP Fullerton Asset Management Limited)  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018

Note	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in '000)			
<b>INCOME</b>				
(Loss) on sale of investments - net	(321)	(225)	(398)	(51)
Income from government securities	154,170	183,581	45,121	63,707
Income from term deposit receipts	15,025	-	6,096	-
Income from certificates of investment	6,411	-	6,126	-
Income from letter of placements	866	-	866	-
Profit on bank deposits	46,991	49,718	6,979	17,948
Reversal of provision for Workers' Welfare Fund	-	108,260	-	108,260
Net unrealised (loss) / gain on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	(576)	(2,175)	119	(480)
<b>Total Income</b>	<b>222,566</b>	<b>339,159</b>	<b>64,909</b>	<b>189,384</b>
<b>EXPENSES</b>				
Remuneration of the Management Company	18,841	19,881	5,446	7,061
Sindh sales tax on remuneration of the Management Company	2,449	2,585	708	918
Remuneration of the Trustee	3,284	3,410	979	1,195
Sindh sales tax on remuneration of Trustee	427	443	127	155
Annual fee - Securities and Exchange Commission of Pakistan	2,721	2,847	794	1,010
Accounting and operational charges to the Management Company	3,628	3,796	1,058	1,346
Securities transaction cost	32	81	7	18
Bank charges	189	76	79	(25)
Annual listing fee	21	41	7	13
Rating fee	306	280	107	100
Auditors' remuneration	473	519	107	119
Legal and professional charges	32	30	6	18
Printing Charges	28	4	4	3
Provision for Sindh Workers' Welfare Fund - previous years	-	2,713	-	2,713
<b>Total Expenses</b>	<b>32,431</b>	<b>36,706</b>	<b>9,429</b>	<b>14,644</b>
<b>Net income from operating activities</b>	<b>190,135</b>	<b>302,453</b>	<b>55,480</b>	<b>174,740</b>
Net element of income and capital gains included in prices of units issued less those in units redeemed	3.1	-	83,417	-
		-	-	87,452
Provision for Sindh Workers' Welfare Fund	5	(3,803)	(7,717)	(1,110)
		(7,717)	(1,110)	(7,717)
<b>Net income for the period before taxation</b>	<b>186,332</b>	<b>378,153</b>	<b>54,370</b>	<b>254,475</b>
Taxation	7	-	-	-
		-	-	-
<b>Net income for the period after taxation</b>	<b>186,332</b>	<b>378,153</b>	<b>54,370</b>	<b>254,475</b>
<b>Earnings per unit</b>				
<b>Allocation of net income for the period</b>				
Net income for the period after taxation	186,332		54,370	
Income already paid on redemption of units	(50,225)		(11,360)	
	<u>136,107</u>		<u>43,010</u>	
<b>Accounting income available for distribution:</b>				
- Relating to capital gain	-		-	
- Excluding capital gain	<u>136,107</u>		<u>43,010</u>	

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**For NBP Fund Management Limited**  
**(Formerly;NBP Fullerton Asset Management Limited)**  
**(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018

	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- (Rupees in '000) -----			
Net income for the period after taxation	186,332	378,153	54,370	254,475
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>186,332</u>	<u>378,153</u>	<u>54,370</u>	<u>254,475</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information

For NBP Fund Management Limited  
(Formerly;NBP Fullerton Asset Management Limited)  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine Months Period ended March 31,					
	2018			2017		
	(Rupees in '000)					
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at beginning of the period	4,504,670	93,559	4,598,229	3,085,148	86,800	3,171,948
Issue of 405,023,161 units (2017: 862,945,808 units)						
- Capital value	4,115,602	-	4,115,602			
- Element of income	90,408	-	90,408			
Total proceeds on issuance of units	4,206,010	-	4,206,010	8,755,793	262,909	9,018,702
Redemption of 357,078,754 units (2017: 584,421,994 units)						
- Capital value	(3,628,420)	-	(3,628,420)			
- Element of loss	(26,414)	(50,225)	(76,639)			
Total payments on redemption of units	(3,654,834)	(50,225)	(3,705,059)	(5,929,780)	(179,492)	(6,109,272)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	-	-	-	-	(83,417)	(83,417)
Total comprehensive income for the period	-	186,332	186,332	-	378,153	378,153
<b>Net assets at end of the period</b>	<b>5,055,846</b>	<b>229,666</b>	<b>5,285,512</b>	<b>5,911,161</b>	<b>464,953</b>	<b>6,376,114</b>
Undistributed income / (loss) brought forward						
- Realised		94,876			86,890	
- Unrealised		(1,317)			(90)	
		93,559			86,800	
Accounting income available for distribution						
- Relating to capital loss		-				
- Excluding capital gain		136,107				
		136,107			378,153	
<b>Undistributed income carried forward</b>		<b>229,666</b>			<b>464,953</b>	
Undistributed income carried forward						
- Realised		230,242			467,128	
- Unrealised		(576)			(2,175)	
		229,666			464,953	
		- (Rupees) -			- (Rupees) -	
Net assets value per unit at beginning of the period		10.1614			10.1464	
Net assets value per unit at end of the period		10.5612			10.7861	

The annexed notes 1 to 11 form an integral part of this condensed interim financial information

For NBP Fund Management Limited  
(Formerly;NBP Fullerton Asset Management Limited)  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine months ended	
	March 31, 2018	March 31, 2017
	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	186,332	378,153
<b>Adjustments</b>		
Net unrealised (loss) / gain on re-measurement of investment classified as financial assets at fair value through profit or loss'	576	2,175
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	-	(83,417)
	186,908	296,911
<b>(Increase) / decrease in assets</b>		
Investments	(395,000)	(3,945,680)
Mark-up accrued	(1,843)	(3)
Advance, prepayment and other receivable	192	(3,113)
	(396,651)	(3,948,796)
<b>(Decrease) / Increase in liabilities</b>		
Payable to the Management Company	(2,253)	1,662
Payable to the Trustee	(77)	141
Payable to Securities and Exchange Commission of Pakistan	(1,239)	(1,464)
Payable against purchase of investment	(12,639)	4,487,745
Accrued expenses and other liabilities	(49,070)	(135,048)
	(65,278)	4,353,036
<b>Net cash (outflow) / inflow from operating activities</b>	(275,021)	701,151
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	4,206,131	9,041,437
Payments on redemption of units	(3,705,515)	(6,764,980)
Distribution paid	(7,189)	(5,439)
<b>Net cash inflow from financing activities</b>	493,427	2,271,018
<b>Net increase in cash and cash equivalents during the period</b>	218,406	2,972,169
<b>Opening balance of cash and cash equivalents</b>	4,716,993	3,487,801
<b>Cash and cash equivalents at the end of the period</b>	4,935,399	6,459,970

The annexed notes 1 to 11 form an integral part of this condensed interim financial information

**For NBP Fund Management Limited**  
**(Formerly;NBP Fullerton Asset Management Limited)**  
**(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open-End "Money Market Scheme" as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

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

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

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- 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 requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

The disclosures made in this condensed interim financial information have been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2017.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2018.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of this condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.1.

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, 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 revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be 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. Furthermore, the amended regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the amended regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by the SECP vide their email to MUFAP dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been higher by Rs. 13.494 million net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been lower by Rs. 0.0006. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

## 4 INVESTMENTS

### At fair value through profit or loss - held for trading

Government securities - Market Treasury Bills

Note	Un-audited March 31, 2018	Audited June 30, 2017
----- (Rupees in '000) -----		
4.1	1,996,041	2,008,028
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4.2	406,411	-
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	<u>2,402,452</u>	<u>2,008,028</u>

### Loans and Receivables

Letter of Placement



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 4.1 Investment in government securities - 'at fair value through profit or loss'

Issue date	Tenor	Face value				Market Value as at March 31, 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchased during the period	Sold / matured during the period	As at March 31, 2018			
-----Rupees in '000-----%								
Market Treasury Bills								
13-Apr-17	3 Months	2,010,000	1,200,000	3,210,000	-	-	-	-
2-Feb-17	6 Months	-	259,000	259,000	-	-	-	-
16-Feb-17	6 Months	-	1,000,000	1,000,000	-	-	-	-
2-Mar-17	6 Months	-	1,000,000	1,000,000	-	-	-	-
27-Apr-17	3 Months	-	2,100,000	2,100,000	-	-	-	-
11-May-17	3 Months	-	1,591,000	1,591,000	-	-	-	-
25-May-17	3 Months	-	220,000	220,000	-	-	-	-
8-Jun-17	6 Months	-	1,000,000	1,000,000	-	-	-	-
22-Jun-17	3 Months	-	424,000	424,000	-	-	-	-
22-Jun-17	6 Months	-	1,700,000	1,700,000	-	-	-	-
6-Jul-17	6 Months	-	285,000	285,000	-	-	-	-
18-Jul-17	6 Months	-	250,000	250,000	-	-	-	-
20-Jul-17	3 Months	-	5,350,000	5,350,000	-	-	-	-
3-Aug-17	3 Months	-	4,100,000	4,100,000	-	-	-	-
17-Aug-17	3 Months	-	1,200,000	1,200,000	-	-	-	-
17-Aug-17	6 Months	-	125,000	125,000	-	-	-	-
31-Aug-17	3 Months	-	2,700,000	2,700,000	-	-	-	-
14-Sep-17	3 Months	-	1,925,000	1,925,000	-	-	-	-
28-Sep-17	3 Months	-	1,350,000	1,350,000	-	-	-	-
28-Sep-17	6 Months	-	500,000	500,000	-	-	-	-
12-Oct-17	3 Months	-	3,375,000	3,375,000	-	-	-	-
26-Oct-17	3 Months	-	741,000	741,000	-	-	-	-
9-Nov-17	3 Months	-	958,000	958,000	-	-	-	-
23-Nov-17	3 Months	-	2,256,000	2,256,000	-	-	-	-
29-Dec-17	3 Months	-	911,000	911,000	-	-	-	-
4-Jan-18	3 Months	-	1,259,000	1,259,000	-	-	-	-
18-Jan-18	3 Months	-	2,545,000	545,000	2,000,000	1,996,041	37.76	83.08
1-Feb-18	3 Months	-	1,000,000	1,000,000	-	-	-	-
15-Feb-18	3 Months	-	1,833,000	1,833,000	-	-	-	-
Total as at March 31, 2018		2,010,000	43,157,000	43,167,000	2,000,000	1,996,041	37.76	83.08

4.2 This represents Letter of Placement of Rs 406.411 million with Pak Brunei Investment Company Limited. They carry interest at the rate of 6.86%. They will mature on April 04, 2018.

## 5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 11.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 10.752 million for the Nine months period ended March 31, 2018 in this condensed interim financial information. Had the provision not been made, net assets value per unit at March 31, 2018 would have been higher by Rs. 0.0215 per unit (June 30, 2017: Rs. 0.1064 per unit).

## 6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2018 and June 30, 2017.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 7 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 period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision for taxation has been made in this condensed interim financial information.

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.

## 8 TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.00 % per annum including 0.26 % representing government levies on collective investment scheme such as sales tax, Sindh Worker's Welfare Fund and SECP fee for the period.

## 9 TRANSACTIONS WITH CONNECTED PERSONS

9.1 Connected persons include NBP Fund Management Limited (formerly; NBP Fullerton Asset Management Limited) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.

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

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

9.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

9.5 Details of the transactions with connected persons are as follows:

	----- Unaudited ----- Nine months ended	
	March 31, 2018	March 31, 2017
	----- Rupees in '000 -----	
<b>NBP Fund Management Company Limited - Management Company</b> (Formerly; NBP Fullerton Asset Management Limited)		
Remuneration of the Management Company	18,841	19,881
Sindh sales tax on remuneration of the Management Company	2,449	2,585
Accounting and operational charges to the Management Company	3,628	3,796
<b>National Bank of Pakistan - Sponsor</b>		
T-Bills purchased during the period	7,651,437	8,126,369
T-Bills sold during the period	2,241,560	247,466
Bank profit earned by the fund on deposit in saving account	258	263
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee for the period	3,284	3,410
Sindh sales tax on remuneration of Trustee	427	443
<b>Chief Financial Officer</b>		
Units redeemed: Nil units (March 31, 2017: 36,402 units)	-	372
<b>Company Secretary / Chief Operating Officer</b>		
Units redeemed: 28,989 units (March 31, 2017: 62,637 units)	301	641

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	----- Unaudited ----- Nine months ended	
	March 31, 2018	March 31, 2017
	----- Rupees in '000 -----	
<b>Employees of the Management Company</b>		
Units issued: 74,804 units (March 31, 2017: 203,554 units)	781	2,104
Units redeemed: 37,666 units (March 31, 2017: 272,561 units)	396	2,819
<b>NBP Endowment Funds Students Loan Scheme</b>		
Units redeemed: 8,099,982 units (March 31, 2017: Nil units)	83,500	-
<b>NBP Leasing Limited Employees Provident Fund</b>		
Units redeemed/ transfer out: 484,014 units (March 31, 2017: Nil units)	4,936	-
<b>NAFA Savings Plus Fund</b>		
T-Bills purchased during the period	-	29,952
<b>Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund</b>		
Market Treasury Bills purchased	-	5,679
<b>Mutual Fund Association of Pakistan - MUFAP</b>		
Units issued: 2,495 units (March 31, 2017: 588,766 units)	26	6,000
Units redeemed: 281,357 units (March 31, 2017: 235,173 units)	2,950	2,500
<b>Thal Limited Employees Provident Fund</b>		
Market Treasury Bills purchased	-	11,884
<b>Thal Limited Employees Retirement Benefit Fund</b>		
Market Treasury Bills purchased	-	3,487
<b>NAFA Income Opportunity Fund</b>		
Market Treasury Bills purchased	-	324,495
Market Treasury Bills sold	-	68,308
<b>Askari Bank Limited</b>		
Bank profit	100	-
<b>Summit Bank Limited</b>		
Market Treasury Bills purchased	-	997,742
<b>NAFA Government Securities Saving Fund</b>		
Market Treasury Bills purchased	-	47,634
<b>Byco Oil Pakistan Limited- Employee Provident Fund</b>		
Units issued: Nil units (March 31, 2017: 262,237 units)	-	2,708
<b>Byco Petroleum Pakistan Limited –Employee Provident Fund</b>		
Units issued: Nil units (March 31, 2017: 1,329,585 units)	-	13,729
Units redeemed: 1,939,611 units (March 31, 2017: Nil units)	20,013	-
<b>NAFA Income Fund</b>		
Market Treasury Bills purchased	-	29,952
<b>*Arif Ahmed</b>		
Units issued: Nil units (March 31, 2017: 2,448,216 units)	-	25,400
Units redeemed: Nil units (March 31, 2017: 2,448,216 units)	-	25,416
<b>Faruque Private Limited</b>		
Units issued: 1,714 units (March 31, 2017: 927,429 units)	18	10,000
<b>Pakistan Mobile Communication Limited</b>		
Units issued: 55,416,094 units (March 31, 2017: Nil units)	585,000	-
<b>Millat Tractors Limited</b>		
Units issued: 7,676 units (March 31, 2017: Nil units)	80	-
<b>Punjab Police Welfare Fund</b>		
Units issued: 75,444,908 units (March 31, 2017: Nil units)	794,254	-
<b>Thall Limited - Treasury Division</b>		
Units issued: Nil (March 31, 2017: 14,360,773)	-	149,109

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 9.6 Amounts outstanding as at period / year end

	Un-Audited As at March 31, 2018	Audited As at June 30, 2017
	----- Rupees in '000 -----	
<b>NBP Fund Management Company Limited - Management Company (Formerly; NBP Fullerton Asset Management Limited)</b>		
Remuneration of the Management Company	2,005	2,536
Sindh Sales Tax on remuneration of the Management Company	261	330
Operational expenses	3,627	5,280
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	353	421
Sindh Sales Tax on remuneration of the Trustee	46	55
<b>National Bank of Pakistan (Parent of the Management Company)</b>	8,705	1,215
Balance in current account	1,215	2,835
Balance in savings account	2	-
Bank profit receivable		
<b>Chief Operating Officer &amp; Company Secretary</b>	1,360	1,603
Investment held in the Fund: 128,799 units (2017: 157,789 units)		
<b>Summit Bank Limited (Common Directorship with the Management Company)</b>	7,921	10,434
Balance in current account		
<b>Askari Bank Limited (Common Directorship with the Management Company)</b>	486	6,623
Bank balance	4	20
Bank profit receivable		
<b>Employees of the Management Company</b>	414	21
Investment held in the Fund: 39,204 units (2017: 2,066 units)		
<b>NAFA Employee Pension Fund</b>	201,884	194,242
Investment held in the Fund: 19,115,655 units (2017: 19,115,655 units)		
<b>NBP Leasing Limited Employees Provident Fund</b>	-	4,918
Investment held in the Fund: Nil (2017: 484,014 units)		
<b>NBP Endowment Fund Students Loan Scheme</b>	51,199	131,568
Investment held in the Fund: 4,847,816 units (2017: 12,947,799 units)		
<b>Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)</b>	-	19,709
Investment held in the Fund: Nil (2017: 1,939,611 units)		
<b>Mutual Fund Association of Pakistan - MUFAP</b>	999	3,795
Investment held in the Fund: 94,568 units (2017: 373,431 units)		
<b>Management Association of Pakistan</b>	-	-
Investment held in the Fund: 4 units (2017: Nil)		
<b>Faruque Private Limited</b>	18	-
Investment held in the Fund: 1,714 units (2017: Nil)		
<b>K &amp; N's Foods Private Limited (Unit holder of 10% or more of units of the CIS)</b>	546,501	497,881
Investment held in the Fund: 51,746,125 units (2017: 48,997,236 units)		
<b>Millat Tractors Limited (Unit holder of 10% or more of units of the CIS)</b>	571,981	521,065
Investment held in the Fund: 54,158,759 units (2017: 51,278,858 units)		
<b>Pakistan Mobile Communication Limited (Unit holder of 10% or more of units of the CIS)</b>	585,260	-
Investment held in the Fund: 55,416,094 units (2017: Nil units)		

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	Un-Audited As at March 31, 2018 ----- Rupees in '000 -----	Audited As at June 30, 2017
<b>*Pioneer Cement Limited</b> Investment held in the Fund: Nil (2017: 63,467,991 units)	-	644,924
<b>Punjab Police Welfare Fund</b> Units held: 75,444,908 units (2017: Nil units)	796,789	-
<b>Net amount receivable / (payable) against transfer of units from / to:</b>		
NAFA Islamic Stock Fund	-	65
NAFA Stock Fund	-	56

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

## 10 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on 30 April 2018.

## 11 GENERAL

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

11.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant changes or reclassifications were made in this condensed interim financial information.

**For NBP Fund Management Limited  
(Formerly;NBP Fullerton Asset Management Limited)  
(Management Company)**

**Chief Financial Officer**

**Chief Executive Officer**

**Director**

## Head Office

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