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NBP Fullerton
Asset Management Ltd.
A Subsidiary of
National Bank of Pakistan

NAFA GOVERNMENT SECURITIES LIQUID FUND

HALF YEARLY
REPORT
December 31, 2017



Your investments & "NAFA" grow together




NBP

**FULLERTON FUND
MANAGEMENT**

Joint - Venture Partners

MISSION STATEMENT



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

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NAFA GOVERNMENT SECURITIES LIQUID FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset 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
Ms. Anupama Sawhney*	Director

**SECP's approval is in process*

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

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Ms. Anupama Sawhney*	Member

Trustee

Central Depository Company of Pakistan Limited (CDC)
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
Habib Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
National Bank of Pakistan
Summit Bank Limited
JS Bank Limited
Askari Bank Limited
Sindh Bank Limited
Samba Bank Limited
Zarai Taraqati Bank Limited
MCB Bank Limited
Soneri Bank Limited
Faysal 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: 111-111-NFA (111-111-632)
Helpline (Toll Free): 0800-20001
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 (nfa)
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 Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Government Securities Liquid Fund (NGSLF)** for the half year ended December 31, 2017.

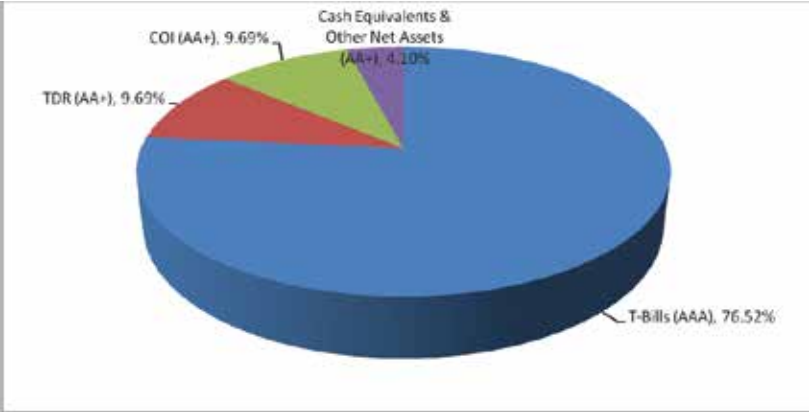
Fund's Performance

The size of NAFA Government Securities Liquid Fund has decreased from Rs. 4,598 million to Rs. 4,127 million during the period, a decline of 10%. The unit price of the Fund has increased from Rs. 10.1614 on June 30, 2017 to Rs. 10.4283 on December 31, 2017, 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.

State Bank of Pakistan (SBP) pursued accommodative monetary policy stance and left the policy rate unchanged at 5.75% during the period under review. SBP cited the following reasons to support its policy: a) strong economic activity corroborated by pick up in industrial output; b) gains in production of major crops; c) growth in private sector credit off-take; d) improvement in export growth; e) notable increase in foreign direct investments; and f) CPEC related investment activity gathering pace. SBP also highlighted gathering risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances and mounting external debt levels (that may imperil the near to medium-term sustainability of the BoP position). Owing to stable policy rate and significant liquidity injections by the SBP, sovereign yields remained flat during the period with investors' preference tilted towards short tenors considering upside risks to inflation and interest rates.

The Fund has earned total income of Rs.157.66 million during the period. After deducting expenses of Rs.25.70 million, the net income is Rs. 131.96 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 Fullerton Asset Management Limited

Chief Executive

Director

Date: February 22, 2018
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصدِ مسرت 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لیے NAFA گورنمنٹ سیکیورٹیز لیکویڈ فنڈ (NGSLF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

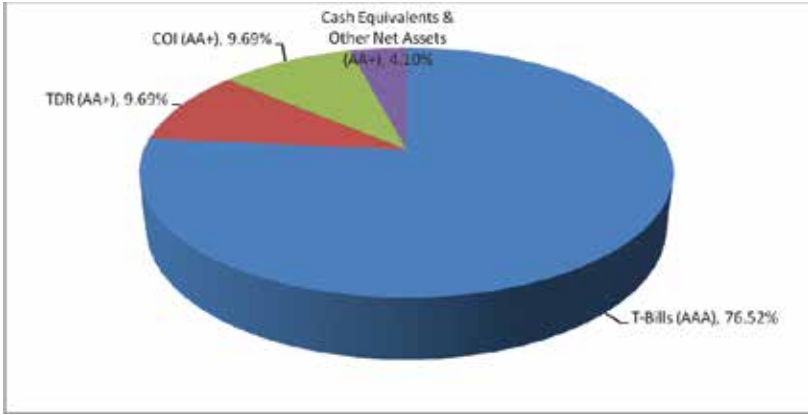
NAFA گورنمنٹ سیکیورٹیز لیکویڈ فنڈ کا سائز اس مدت کے دوران 4,598 ملین روپے سے گھٹ کر 4,127 ملین روپے ہو گیا، یعنی 10% کم۔ فنڈ کے یونٹ کی قیمت 30 جون 2017 کو 10.1614 روپے سے 31 دسمبر 2017 کو 10.4283 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لیے اپنے نیچ مارک منافع 5.2% کے مقابلے میں 5.2% منافع درج کرایا۔ فنڈ کی کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NGSLF کو PACRA کی طرف سے 'AAA(f)' اسٹیٹیلیٹی ریٹنگ دی گئی ہے۔ NGSLF پاکستان میں اس ریٹنگ کیٹیگری میں سب سے بڑا فنڈ 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 سیکیورٹیز (T بلز) میں کم از کم 70% انویسٹمنٹ 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 ٹیکنوں / DFIs میں انویسٹ کرنے کی اجازت ہے۔

اسٹیٹ بینک آف پاکستان (SBP) نے مفاہمتی مانیٹری پالیسی جاری رکھی اور زیرِ جائزہ مدت کے دوران پالیسی کی شرح کو 5.75% برقرار رکھا۔ SBP نے اپنی پالیسی کی حمایت میں درج ذیل وجوہات بیان کیں: (ا) مضبوط معاشی سرگرمی، جس کی تصدیق صنعتی پیداوار میں اضافہ سے ہوتی ہے (ب) بڑی فصلوں کی بھرپور پیداوار (ج) نجی شعبہ کے قرضے جات میں اضافہ (د) برآمدات کے اضافے میں بہتری (ر) غیر ملکی براہ راست سرمایہ کاری میں نمایاں اضافہ اور (س) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں کا مسلسل فروغ۔ SBP نے بیرونی اکاؤنٹس کے بارے میں ان خدشات کی بھی نشاندہی کی جو کموڈٹی / آئل کی قیمتوں میں عالمی سطح پر اضافہ اور اس کے ساتھ ساتھ زرمبادلہ کی ترسیلات میں کمی اور بیرونی قرضہ جات کے بڑھتے ہوئے حجم کے باعث پیدا ہو رہے ہیں (جس سے توازن ادائیگی کی مستقبل قریب سے وسط مدت کیلئے صورتحال غیر مستحکم ہو سکتی ہے)۔ چنانچہ مستحکم شرح پالیسی اور SBP کی جانب سے نمایاں طور پر لیکویڈیٹی داخل کرنے سے اس مدت میں بالائی نتائج میں کوئی کمی بیشی نہیں ہوئی اور سرمایہ کاروں نے افراط زر اور شرح سود میں بڑھتے ہوئے خدشات کے پیش نظر قلیل المدت سرمایہ کاری کو ترجیح دی۔

فنڈ نے اس مدت کے دوران 157.66 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 25.70 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 131.96 ملین روپے ہے۔ درج ذیل چارٹ NGSLF کی ایسیٹ الیکویشن 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 منجھٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایکسچینج 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 رٹسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرٹن ایسٹ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ

22 فروری 2018

مقام: کراچی

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Government Securities Liquid Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 26, 2018

NAFA GOVERNMENT SECURITIES LIQUID FUND

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Government Securities Liquid Fund** (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). **NBP Fullerton Asset Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures in the condensed interim financial information for the quarter ended December 31, 2017 have not been reviewed by us, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The condensed interim financial information of the Fund for the half year ended December 31, 2016 and the annual financial statements of the Fund for the year ended June 30, 2017 were reviewed and audited respectively by another firm of Chartered Accountants who through their reports dated February 28, 2017 and September 15, 2017 expressed an unqualified conclusion and opinion respectively thereon.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Hena Sadiq

Date: February 22, 2018
Place: Karachi

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017

	Note	31 December 2017 Unaudited	30 June 2017 Audited
(Rupees in '000)			
ASSETS			
Bank balances	4	1,221,346	4,716,993
Investments	5	3,957,921	2,008,028
Mark-up accrued	6	5,294	329
Advance, prepayment and other receivable		9,991	10,177
Receivable against conversion of units		-	121
Total assets		5,194,552	6,735,648
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	7	5,086	8,146
Payable to Central Depository Company of Pakistan Limited - Trustee	8	426	476
Payable to the Securities and Exchange Commission of Pakistan	9	1,927	3,960
Payable against purchase of Investments		999,671	2,009,345
Payable against redemption of units		2	481
Dividend payable		-	7,189
Accrued expenses and other liabilities	10	60,547	107,822
Total liabilities		1,067,659	2,137,419
NET ASSETS		4,126,893	4,598,229
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		4,126,893	4,598,229
Contingencies and commitments	11		
(Number of units)			
Number of units in issue		395,739,149	452,520,963
(Rupees)			
Net asset value per unit		10.4283	10.1614

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Note	Half year ended December 31, 2017	2016	Quarter ended December 31, 2017	2016
------(Rupees in '000)-----					
INCOME					
Income from government securities		109,049	119,874	48,956	58,644
Profit on bank deposits		40,012	31,770	21,310	19,669
Income from term deposit receipts		8,929	-	8,644	-
Income from certificates of investment		285	-	285	-
Net gain / (loss) on sale of investments		77	(174)	(50)	(111)
Net unrealised (loss) / gain on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	5.2	(695)	(1,695)	235	15
Total income		157,657	149,775	79,380	78,217
EXPENSES					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	7.1	13,395	12,820	6,742	6,742
Sindh Sales Tax on remuneration of the Management Company	7.2	1,741	1,667	876	877
Reimbursement of operational expenses to the Management Company	7.3	2,570	2,450	1,291	1,277
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	2,305	2,215	1,156	1,147
Sindh Sales Tax on remuneration of the Trustee	8.2	300	288	151	149
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	1,927	1,837	967	958
Auditors' remuneration		366	400	177	272
Securities transaction costs		25	63	13	8
Bank charges		110	101	54	9
Listing fee		14	28	-	11
Mutual fund rating fee		199	180	100	57
Legal and professional charges		26	12	1	12
Printing charges		24	1	11	1
Total expenses		23,002	22,062	11,539	11,520
Net income from operating activities		134,655	127,713	67,841	66,697
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		-	(4,035)	-	(5,050)
Provision for Sindh Workers' Welfare Fund		(2,693)	-	(1,357)	-
Net income for the period before taxation		131,962	123,678	66,484	61,647
Taxation	12	-	-	-	-
Net income for the period after taxation		131,962	123,678	66,484	61,647
Earnings per unit	13				
Allocation of net income for the period					
Net income for the period after taxation		131,962		66,484	
Income already paid on redemption of units		(38,865)		(34,019)	
		93,097		32,465	
Accounting income available for distribution:					
- Relating to capital gain		-		-	
- Excluding capital gain		93,097		32,465	
		93,097		32,465	

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

**For 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 (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	------(Rupees in '000)-----			
Net income for the period after taxation	131,962	123,678	66,484	61,647
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>131,962</u>	<u>123,678</u>	<u>66,484</u>	<u>61,647</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

**For 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 HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31,					
	2017			2016		
	(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 207,904,157 units (2016: 547,638,455 units)						
- Capital value	2,112,597	-	2,112,597			
- Element of income	20,039	-	20,039			
Total proceeds on issuance of units	2,132,636	-	2,132,636	5,556,558	78,122	5,634,680
Redemption of 264,685,971 units (2016: 405,848,974 units)						
- Capital value	(2,689,580)	-	(2,689,580)			
- Element of loss	(7,489)	(38,865)	(46,354)			
Total payments on redemption of units	(2,697,069)	(38,865)	(2,735,934)	(4,117,907)	(82,157)	(4,200,064)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	-	-	-	-	4,035	4,035
Total comprehensive income for the period	-	131,962	131,962	-	123,678	123,678
Net assets at end of the period	3,940,237	186,656	4,126,893	4,523,799	210,478	4,734,277
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		93,097				
		93,097			123,678	
Undistributed income carried forward		186,656			210,478	
Undistributed income carried forward						
- Realised		187,351			212,173	
- Unrealised		(695)			(1,695)	
		186,656			210,478	
		- (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		10.4283				10.4183

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

**For NBP Fullerton Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Note	Half year ended	
	December 31, 2017	December 31, 2016
	Rupees in '000	
Cash flows from operating activities		
Net income for the period before taxation	131,962	123,678
Adjustments		
Mark-up / return on banks	(40,012)	(31,770)
Mark-up / return on investments	(9,214)	-
Net unrealised loss / (gain) on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	695	1,695
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	-	4,035
	<u>83,431</u>	<u>97,638</u>
Decrease / (increase) in assets		
Investments - net	(1,550,588)	(2,956,819)
Advances, deposits and other receivables	186	(9,807)
	<u>(1,550,402)</u>	<u>(2,966,626)</u>
(Decrease) / increase in liabilities		
Payable to the Management Company	(3,060)	(20)
Payable to Central Depository Company of Pakistan Limited - Trustee	(50)	63
Payable to the Securities and Exchange Commission of Pakistan	(2,033)	(2,474)
Payable against purchase of investment	(1,009,674)	3,498,884
Accrued expenses and other liabilities	(47,275)	(19,515)
	<u>(1,062,092)</u>	<u>3,476,938</u>
	<u>(2,529,063)</u>	<u>607,950</u>
Mark-up received on banks	35,606	31,315
Mark-up received on investments	8,655	-
	<u>44,261</u>	<u>31,315</u>
Net cash (used in) / generated from operating activities	<u>(2,484,802)</u>	<u>639,265</u>
Cash flows from financing activities		
Amount received on issue of units	2,125,568	5,657,415
Payment against redemption of units	(2,736,413)	(4,873,698)
Distribution Paid	-	(5,439)
Net cash (used in) / generated from financing activities	<u>(610,845)</u>	<u>778,278</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(3,095,647)</u>	<u>1,417,543</u>
Cash and cash equivalents at beginning of the period	4,716,993	3,487,801
Cash and cash equivalents at end of the period	<u>4.4</u> <u>1,621,346</u>	<u>4,905,344</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

**For 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 (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Government Securities Liquid Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) 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 10 April 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 Pakistan 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 (CDC) as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP) shall prevail.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. An exemption was granted to companies whose financial year ended on or before June 30, 2017 via Circular No. 23 of October 04, 2017. No further exemption has been provided and the Company is currently in process of determining impact, if any, on annual financial statements due to implementation of the Act. There is no impact on this condensed interim financial information as they have been prepared primarily under IAS 34 as stated above.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of 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, therefore, should be read in conjunction with the annual 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 declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017

NAFA GOVERNMENT SECURITIES LIQUID FUND

2.2 Basis of Measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 Estimates and judgements

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2017.

2.5 Financial risk management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2017.

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

- 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 unitholders. 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 SECP vide its email to MUFAP dated February 08, 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.

NAFA GOVERNMENT SECURITIES LIQUID FUND

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been lower by Rs. 25.789 million net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been higher by Rs. 0.0013. 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.

		31 December 2017	30 June 2017
	Note	Unaudited	Audited
		(Rupees in '000)	
4 BANK BALANCES			
Current accounts	4.1	11,216	11,649
Savings accounts	4.2 & 4.3	1,210,130	4,705,344
		<u>1,221,346</u>	<u>4,716,993</u>
4.1	These include bank balances of Rs.1.22 million and Rs. 10.01 million (June 30, 2017: Rs. 1.22 million and Rs. 10.43 million), maintained with National Bank of Pakistan and Summit Bank Limited (related parties) respectively.		
4.2	These accounts carry rates of return ranging from 3.75% to 6.75% (30 June 2017: 3.75% to 7.43%) per annum.		
4.3	These include bank balances of Rs. 7.738 million and Rs. 2.280 million (June 30, 2017: Rs. 2.835 million and Rs. 6.623), which are maintained with National Bank of Pakistan and Askari Bank Limited (related parties) respectively, and both parties carry mark-up at the rate of 3.75% (June 30, 2017: 3.75%) per annum.		

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
4.4	Cash and cash equivalents	-----Rupees in '000-----	
	Current accounts	11,216	11,649
	Saving accounts	1,210,130	4,705,344
	Term Deposits with original maturity of less than three months	400,000	-
		<u>1,621,346</u>	<u>4,716,993</u>

5 INVESTMENTS

At fair value through profit or loss - held for trading

Government securities - Market Treasury Bills	5.1	3,157,921	2,008,028
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Loans and Receivables

Certificate of Investments	5.3	400,000	-
Term Deposits Receipts	5.4	400,000	-
		<u>3,957,921</u>	<u>2,008,028</u>

NAFA GOVERNMENT SECURITIES LIQUID FUND

5.1 Investment in government securities - Market Treasury bills

Issue Date	Tenor	Face value				Market value as at December 31, 2017	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2017	Purchases during the period	Sales / matured during the period	As at December 31, 2017			
Rupees in '000'						----- % -----		
April 13, 2017	3 months	2,010,000	1,200,000	3,210,000	-	-	-	-
February 2, 2017	6 months	-	259,000	259,000	-	-	-	-
February 16, 2017	6 months	-	1,000,000	1,000,000	-	-	-	-
March 2, 2017	6 months	-	1,000,000	1,000,000	-	-	-	-
April 27, 2017	3 months	-	2,100,000	2,100,000	-	-	-	-
May 11, 2017	3 months	-	1,591,000	1,591,000	-	-	-	-
May 25, 2017	3 months	-	220,000	220,000	-	-	-	-
June 8, 2017	6 months	-	1,000,000	1,000,000	-	-	-	-
June 22, 2017	3 months	-	424,000	424,000	-	-	-	-
June 22, 2017	6 months	-	1,700,000	1,700,000	-	-	-	-
July 6, 2017	6 months	-	285,000	-	285,000	284,813	6.90	7.20
July 20, 2017	3 months	-	5,350,000	5,350,000	-	-	-	-
August 3, 2017	3 months	-	4,100,000	4,100,000	-	-	-	-
August 17, 2017	3 months	-	1,200,000	1,200,000	-	-	-	-
August 31, 2017	3 months	-	2,700,000	2,700,000	-	-	-	-
September 14, 2017	3 months	-	1,925,000	1,925,000	-	-	-	-
September 28, 2017	3 months	-	1,350,000	1,350,000	-	-	-	-
October 12, 2017	3 months	-	3,375,000	500,000	2,875,000	2,873,108	69.62	72.59
October 26, 2017	3 months	-	400,000	400,000	-	-	-	-
November 23, 2017	3 months	-	548,000	548,000	-	-	-	-
		2,010,000	31,727,000	30,577,000	3,160,000	3,157,921	76.52	79.79
Carrying value before mark to market as at December 31, 2017						3,158,616		

5.1.1 These carry a rate of return ranging from 5.82% to 6.05% (June 30, 2017: 5.95%) per annum.

	Note	(Un-audited) December 31, 2017	(Audited) June 30, 2017
		-----Rupees in '000-----	
5.2 Net unrealised (loss) / gain on re-measurement of investment classified as 'financial assets at fair value through profit or loss'			
Market value of investments	7.1	3,157,921	2,008,028
Less: carrying value of investments before mark to market	7.1	(3,158,616)	(2,009,345)
		(695)	(1,317)

5.3 This represents Certificate of Investments of Rs 400 million with Pak Brunei Investment Company Limited. They carry interest at the rate of 6.50%. They will mature on March 28, 2018.

5.4 This represents term deposits having original maturity period of less than three months of Rs. 400 million with Bank Al Habib Limited. They carry interest at the rate of 6.25 % and will mature on March 28, 2018.

	Note	(Un-audited) December 31, 2017	(Audited) June 30, 2017
		-----Rupees in '000-----	
6 MARK-UP ACCRUED			
Mark-up accrued on bank balances		4,735	329
Mark-up accrued on Term Deposits		274	-
Mark-up accrued on Certificate of Investments		285	-
		5,294	329

NAFA GOVERNMENT SECURITIES LIQUID FUND

		(Un-audited) December 31, 2017	(Audited) June 30, 2017	
	Note	-----Rupees in '000-----		
7	PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
	Remuneration of the Management Company	7.1	2,227	2,536
	Sindh Sales Tax on remuneration of the Management Company	7.2	289	330
	Operational expenses	7.3	2,570	5,280
			5,086	8,146

- 7.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund was entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets provided that Management Company may charge performance based or fixed fee or a combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

On November 25, 2015, SECP made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provision of amended NBFC Regulations, the applicable rate has been changed from 2% to 1%.

The applicability of Management Remuneration is same as that disclosed in note 8.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

Management remuneration is paid on a monthly basis in arrears.

- 7.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 7.3 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Remuneration of the Trustee	8.1 377	421
	Sindh Sales Tax on remuneration of the Trustee	8.2 49	55
		426	476

- 8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund, based on the net assets of the Fund. The remuneration is payable to the Trustee monthly in arrears.

The applicability of Tariff Structure to the Fund is same as that disclosed in note 9.1 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

- 8.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2016 (30 June 2017: 13%).

NAFA GOVERNMENT SECURITIES LIQUID FUND

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 9.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "money market scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 % of the average annual net assets of the Fund. The fee is paid annually in arrears.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	10.1	9,642	6,949
Federal Excise Duty on management remuneration	10.2	45,779	45,779
Auditors' remuneration		375	444
Brokerage		247	241
Bank charges		5	36
Withholding tax		693	35,658
Capital gain tax		3,583	18,141
Legal Charges		30	4
Others		193	570
		60,547	107,822

- 10.1 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. 9.642 million for the half year ended December 31, 2017 in this condensed interim financial information. Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs. 0.0244 per unit (June 30, 2017: Rs. 0.0154 per unit).

- 10.2 The legal status of applicability of Federal Excise Duty on the Fund is same as disclosed in note 11.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal, filed by tax authorities against the order in the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 45.779 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.1157 per unit (June 30, 2017: 0.1064 per unit).

11 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2017 and June 30, 2017.

12 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains / loss to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute in cash at least 90 percent of the Fund's accounting income for the year ending 30 June 2018 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

13 EARNINGS PER UNIT

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

NAFA GOVERNMENT SECURITIES LIQUID FUND

14 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, worker's welfare fund and Securities and Exchange Commission of Pakistan fee for the period.

15 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

- 15.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company (NAFA), 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 ten percent or more units of the Fund.
- 15.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 15.3 Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 15.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at period / year end are as follows:

----- (Un-audited) -----		
Half year ended		
December 31, 2017	December 31, 2016	
----- Rupees in '000 -----		

15.5 Transactions during the period

NBP Fullerton Asset Management Limited (Management Company)

Remuneration of the Management Company	13,395	12,820
Sindh Sales Tax on remuneration of the Management Company	1,741	1,667
Reimbursement of operational expenses to the Management Company	2,570	2,450

National Bank of Pakistan

(Parent of the Management Company)

Market Treasury Bills purchases during the period	4,659,069	4,387,159
Market Treasury Bills sold during the period	2,241,560	247,466
Payment against redemption of units	-	-
Bank profit earned in saving account	243	-

Central Depository Company of Pakistan Limited (Trustee)

Trustee fee for the period	2,305	2,215
Sindh Sales Tax for the period on Trustee fee	300	288

Askari Bank Limited (Common Directorship with the Management Company)

Bank profit earned in saving account	100	-
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Chief Financial Officer of the Management Company

Units redeemed / transferred out Nil (2016: 36,402 units)	-	372
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Muhammad Murtaza Ali (Company Secretary of the Management Company)

Units redeemed / transferred out 9,800 units (2016: 62,638 units)	100	641
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Employees of the Management Company

Units issued / transferred in 46,333 units (2016: 203,554 units)	481	2,104
Units redeemed / transferred out 119 units (2016: 264,581 units)	1	2,736

NAFA GOVERNMENT SECURITIES LIQUID FUND

	(Un-audited)	
	Half year ended	
	December 31, 2017	December 31, 2016
	Rupees in '000	
*Thal Limited - Employee Provident Fund (Portfolio managed by the Management Company)		
Market Treasury Bills purchased during the period	-	11,884
Units issued / transferred in Nil (2016: 14,360,772)	-	149,109
Mutual Fund Association of Pakistan - MUFAP		
Units issued / transferred in 2,495 units (2016: 588,766 units)	26	6,000
*Byco Oil Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)		
Units issued / transferred Nil (2016: 262,237 units)	-	2,708
Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)		
Units issued / transferred Nil (2016: 1,329,585 units)	-	13,729
Units redeemed / transferred out 1,939,611 units (2016: Nil)	20,013	-
NAFA Government Securities Savings Fund		
Market Treasury Bills purchased during the period	-	47,633
NAFA Income Opportunity Fund		
Market Treasury Bills purchased during the period	-	324,495
NAFA Savings Plus Fund		
Market Treasury Bills purchased during the period	-	29,952
NAFA Income Fund		
Market Treasury Bills purchased during the period	-	29,952
NBP Leasing Limited Employees Provident Fund		
Units redeemed / transferred out 484,014 units (2016: Nil)	4,936	-
NBP Endowment Fund Students Loan Scheme		
Units redeemed / transferred out 4,567,425 units (2016: Nil)	46,500	-
Faruque Private Limited		
Units issued / transferred in 1,714 units (2016: Nil)	18	-
*Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund		
Market Treasury Bills purchased during the period	-	5,679
Millat Tractors Ltd (Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in 7,676 units (2016: 51,278,858 units)	80	525,000
*Indus Motors Company Ltd		
Units issued / transferred in Nil (2016: 173,776,414 units)	-	1,780,000
Units redeemed / transferred out Nil (2016: 122,895,111 units)	-	1,280,125
Pakistan Petroleum Limited (Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in 44,937,038 units (2016: Nil)	468,617	-

* Current period transactions with these parties have not been disclosed as they did not remain connected persons and related parties during the period.

NAFA GOVERNMENT SECURITIES LIQUID FUND

(Un-audited)
December 31,
2017

(Audited)
June 30,
2017

----- Rupees in '000 -----

15.6 Amounts outstanding as at period / year end are as follows:

NBP Fullerton Asset Management Limited (Management Company)

Remuneration of the Management Company	2,227	2,536
Sindh Sales Tax on remuneration of the Management Company	289	330
Operational expenses	2,570	5,280

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	377	421
Sindh Sales Tax on remuneration of the Trustee	49	55

National Bank of Pakistan (Parent of the Management Company)

Bank balance	8,953	4,050
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Chief Operating Officer & Company Secretary

Investment held in the Fund: 147,988 units (2017: 157,789 units)	1,543	1,603
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Summit Bank Limited (Common Directorship with the Management Company)

Bank balance	10,001	10,434
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Askari Bank Limited (Common Directorship with the Management Company)

Bank balance	2,280	6,623
Bank profit receivable	13	20

Employees of the Management Company

Investment held in the Fund: 48,280 units (2017: 2,066 units)	503	21
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NAFA Employee Pension Fund

Investment held in the Fund: 19,115,655 units (2017: 19,115,655 units)	199,344	194,242
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NBP Leasing Limited Employees Provident Fund

Investment held in the Fund: Nil (2017: 484,014 units)	-	4,918
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NBP Endowment Fund Students Loan Scheme

Investment held in the Fund: 8,380,373 units (2017: 12,947,799 units)	87,393	131,568
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Byco Petroleum Pakistan Limited - Employee Provident Fund (Portfolio managed by the Management Company)

Investment held in the Fund: Nil (2017: 1,939,611 units)	-	19,709
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Mutual Fund Association of Pakistan - MUFAP

Investment held in the Fund: 375,926 units (2017: 373,431 units)	3,920	3,795
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Management Association of Pakistan

Investment held in the Fund: 4 units (2017: Nil)	-	-
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Pakistan Petroleum Limited (Unit holder of 10% or more of units of the CIS)

Investment held in the Fund: 44,937,038 units (2017: Nil)	468,617	-
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NAFA GOVERNMENT SECURITIES LIQUID FUND

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
	----- Rupees in '000 -----	
Faruque Private Limited		
Investment held in the Fund: 1,714 units (2017: Nil)	18	-
K & N's Foods Private Limited (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: 51,746,125 units (2017: 48,997,236 units)	539,624	497,881
Millat Tractors Limited (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: 54,158,759 units (2017: 51,278,858 units)	564,784	521,065
*Pioneer Cement Limited		
Investment held in the Fund: Nil (2017: 63,467,991 units)	-	644,924
Net amount receivable / (payable) against transfer of units from / to:		
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.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements 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 (that is, as prices) or indirectly (that is, derived from prices)

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

NAFA GOVERNMENT SECURITIES LIQUID FUND

Note	Carrying amount			Fair value				
	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
e								
	3,157,921	-	-	3,157,921	-	3,157,921	-	3,157,921
	3,157,921	-	-	3,157,921	3,157,921	-	-	3,157,921

Financial assets not measured at fair value

16.1

Bank balances	-	1,221,346	-	1,221,346	-	-	-	-
Investment in Certificate of investments	-	400,000	-	400,000	-	-	-	-
Term deposit receipts	-	400,000	-	400,000	-	-	-	-
Mark-up accrued	-	5,294	-	5,294	-	-	-	-
	<u>-</u>	<u>2,026,640</u>	<u>-</u>	<u>2,026,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities not measured at fair value

16.1

Remuneration payable to the Management Company	-	-	5,086	5,086	-	-	-	-
Remuneration payable to the Trustee	-	-	426	426	-	-	-	-
Accrued expenses and other liabilities	-	-	850	850	-	-	-	-
Payable against purchase of marketable securities	-	-	999,671	999,671	-	-	-	-
Payable against redemption of units	-	-	2	2	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,006,035</u>	<u>1,006,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note	Carrying amount				Fair value			
	Fair value through income statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

June 30, 2017

Financial assets measured at fair value

Investment								
- Market Treasury Bills	2,008,028	-	-	2,008,028	-	2,008,028	-	2,008,028
	<u>2,008,028</u>	<u>-</u>	<u>-</u>	<u>2,008,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,008,028</u>

Financial assets not measured at fair value

16.1

Bank balances	-	4,716,993	-	4,716,993	-	-	-	-
Investment in Certificate of investments	-	-	-	-	-	-	-	-
Term deposit receipts	-	-	-	-	-	-	-	-
Mark-up accrued	-	329	-	329	-	-	-	-
Receivable against conversion of units	-	121	-	121	-	-	-	-
	<u>-</u>	<u>4,717,322</u>	<u>-</u>	<u>4,717,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities not measured at fair value

16.1

Remuneration payable to the Management Company	-	-	8,146	8,146	-	-	-	-
Remuneration payable to the Trustee	-	-	476	476	-	-	-	-
Accrued expenses and other liabilities	-	-	1,295	1,295	-	-	-	-
Payable against purchase of marketable securities	-	-	2,009,345	2,009,345	-	-	-	-
Payable against redemption of units	-	-	481	481	-	-	-	-
Dividend Payable	-	-	7,189	7,189	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,026,932</u>	<u>2,026,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NAFA GOVERNMENT SECURITIES LIQUID FUND

16.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

17 **GENERAL**

17.1 Figures have been rounded off to nearest rupees thousand.

17.2 The corresponding figures have been re-arranged wherever necessary.

17.3 This condensed interim financial information are unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended December 31, 2017 in these condensed interim financial information, wherever appearing, have not been reviewed by the auditors.

18 **DATE OF AUTHORIZATION OF ISSUE**

This condensed interim financial information were authorized for issue on February 22, 2018 by the Board of Directors of the Management Company.

**For NBP Fullerton Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



NBP Fullerton
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A Subsidiary of
National Bank of Pakistan

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