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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 2016**



Your investments & "NAFA" grow together



**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. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Saiyed Hashim Ishaque	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Aamir Sattar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Lui Mang Yin (Martin Lui)	Member
Mr. Abdul Hadi Palekar	Member

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
NIB Bank Limited
United Bank Limited
National Bank of Pakistan
Summit Bank Limited
Sindh Bank Limited
Samba Bank Limited
Zarai Taraqiati Bank Limited
Askari Bank Limited
MCB Bank Limited
Soneri Bank Limited
Faysal Bank Limited

NAFA GOVERNMENT SECURITIES LIQUID FUND

Auditors

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

Legal Advisor

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

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111-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, 2016.

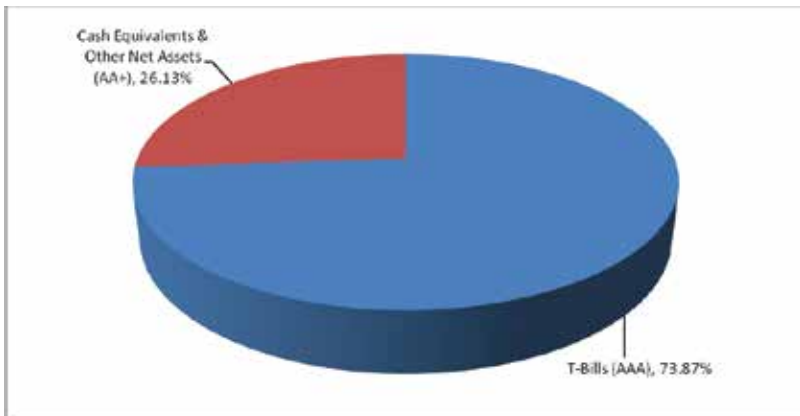
Fund's Performance

The size of NAFA Government Securities Liquid Fund has increased from Rs. 3,172 million to Rs. 4,734 million during the period, a remarkable growth of 49%. During the period, the unit price of the Fund has increased from Rs. 10.1464 on June 30, 2016 to Rs. 10.4186 on December 31, 2016, thus showing a return of 5.3% as compared to the benchmark return of 5.3% 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) maintained discount rate and policy rate at 6.25% and 5.75% respectively during the period under review. SBP cited improvement in macroeconomic stability, comfortable liquidity conditions coupled with healthy reserve accumulation, manageable inflationary backdrop, and CPEC related projects gathering momentum being balanced against latent risks to external accounts/factors. However, there are risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances, challenged exports outlook and mounting external debt levels that may imperil the medium-term sustainability of the Balance of Payments position and warrant decisive policy action. Long-term sovereign yields witnessed an average increase of around 50 basis points, reflecting an uptick in inflation and interest rates.

The Fund has earned total income of Rs.145.74 million during the period. After deducting expenses of Rs.22.06 million, the net income is Rs.123.68 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSFLF.



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 28, 2017
Place: Karachi.

ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2016ء کو ختم ہونے والی ششماہی کے لیے NAFA رنمنٹ سیکورٹیز لیکویڈ فنڈ (NGSLF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

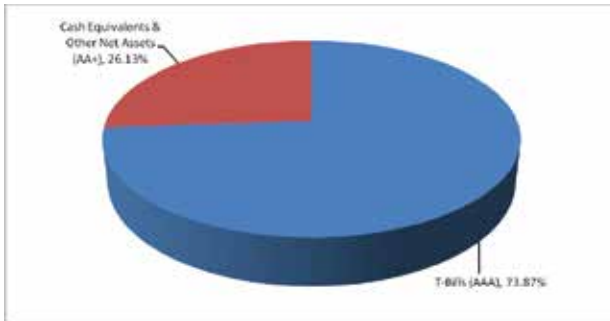
فنڈ کی کارکردگی

NAFA گورنمنٹ سیکورٹیز لیکویڈ فنڈ کا ساڑھے تین سالوں میں اس ششماہی کے دوران 3,172 ملین روپے سے 4,734 ملین روپے تک اضافہ ہوا ہے، یعنی 49% اضافہ۔ زیر جانچ مدت کے دوران یونٹ کی قیمت 30 جون 2016 کو 10.1464 روپے سے 31 دسمبر 2016 کو 10.4186 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لیے اپنے بیچ مارک منافع 5.3% کے مقابلے میں 5.3% منافع درج کرایا۔ فنڈ کی کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NGSLF کو PACRA کی طرف سے دی گئی اسٹیبلٹی ریٹنگ (f)AAA ہے۔ NGSLF پاکستان میں اس ریٹنگ کیٹیگری میں سب سے بڑا فنڈ ہے۔ یہ ریٹنگ فنڈ کے غیر معمولی مستحکم کریڈٹ اور لیکویڈیٹی پر وفائل 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 سیکورٹیز (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 ڈیفیس (DFIs) میں انویسٹ کرنے کی اجازت ہے۔

اسٹیٹ بینک آف پاکستان (SBP) نے مذکورہ بالا مدت کے دوران ڈسکاؤنٹ ریٹ اور پالیسی ریٹ بالترتیب 6.25% اور 5.75% برقرار رکھی۔ SBP کے منوقف کے مطابق مستحکم کلیاتی معیشت، لیکویڈیٹی کی باسہولت صورت حال کے ساتھ زرمبادلہ کے ذخیرہ میں خاطر خواہ اضافہ، محدود افراط زر اور CPEC سے متعلقہ منصوبے بیرونی اکاؤنٹ اور عوامل کے پوشیدہ خطرات سے نبرد آزما ہونے کے لئے برسرِ پیکار ہیں۔ تاہم بیرونی اکاؤنٹ کو عالمی تیل اور ایشیا، صرف کی قیمتوں میں متوقع اضافہ، گرتی ہوئی ترسیلات، برآمدات سے متعلق چیلنجز اور بڑھتی ہوئی بیرونی قرض کی سطح کے خطرات لاحق ہیں جو کہ ادائیگی کے توازن کو وسط مدت کے دوران میں متاثر کر سکتا ہے، جس کے لئے منصوبہ سازی کی ضرورت ہوگی۔ طویل المیعاد خود مختار منافع میں تقریباً 50% ہسپس پوائنٹ کا اوسط اضافہ دیکھا گیا، جو افراط زر اور سود کی شرح میں معتدل اضافے کی عکاسی کرتا ہے۔

فنڈ نے اس مدت کے دوران 145.74 ملین روپے کی مجموعی آمدنی کمائی ہے۔ 22.06 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 123.68 ملین روپے ہے۔ درج ذیل چارٹ NGSLF کی ایسیٹ ایلوکیشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:



اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابلِ 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 اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور رٹسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز
NBP فلٹرن لیسٹ منجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 فروری 2017

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, 2016 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 27, 2017

NAFA GOVERNMENT SECURITIES LIQUID FUND

Report on review of Condensed Interim Financial Information to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Government Securities Liquid Fund** ("the Fund") as at 31 December 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the three months period ended 31 December 2016 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 28, 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA GOVERNMENT SECURITIES LIQUID FUND

Condensed Interim Statement of Assets and Liabilities As at 31 December 2016

	Note	31 December 2016 Unaudited	30 June 2016 Audited
(Rupees in '000)			
Assets			
Bank balances	6	4,905,344	3,487,801
Investments	7	3,497,189	542,065
Profit receivable		1,116	661
Receivable against conversion of units		-	22,735
Advance, prepayment and other receivable		16,983	7,176
Total assets		8,420,632	4,060,438
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company	8	51,136	51,156
Payable to Central Depository Company of Pakistan Limited - Trustee	9	484	421
Payable to Securities and Exchange Commission of Pakistan		1,837	4,311
Payable against conversion of units		-	673,634
Payable against purchase of investment		3,498,884	-
Accrued expenses and other liabilities	10	134,014	153,529
Dividend payable		-	5,439
Total liabilities		3,686,355	888,490
Net assets		4,734,277	3,171,948
Unit holders' fund (as per statement attached)		4,734,277	3,171,948
Contingency and commitment	11	(Number of units)	
Number of units in issue		454,406,417	312,616,936
Net assets value per unit		10.4186	10.1464

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Condensed Interim Income Statement (Unaudited) For the six and three months period ended 31 December 2016

Note	Six months period ended		Three months period ended	
	2016	2015	2016	2015
------(Rupees in '000)-----				
Income				
Income from government securities	119,874	173,857	58,644	54,720
Income from money market placements	-	11,507	-	9,452
Profit on bank deposits	31,770	48,674	19,669	28,241
(Loss) on sale of investments - net	(174)	(159)	(111)	(285)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.2 (1,695)	(2,128)	15	(2,385)
Total income	<u>149,775</u>	<u>231,751</u>	<u>78,217</u>	<u>89,743</u>
Expenses				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	8.1 12,820	32,062	6,742	12,253
Sindh Sales Tax on remuneration of Management Company	8.2 1,667	5,207	877	1,990
Federal Excise Duty on remuneration of Management Company	8.3 -	5,130	-	1,960
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,215	2,864	1,147	1,197
Sindh Sales Tax on remuneration of Trustee	9.1 288	401	149	168
Annual fee - Securities and Exchange Commission of Pakistan	1,837	2,490	958	1,008
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4 2,450	448	1,277	448
Auditors' remuneration	400	300	272	125
Securities transaction costs	63	174	8	81
Bank charges	101	275	9	53
Listing fee	28	20	11	10
Mutual fund rating fee	180	168	57	84
Professional charges	12	-	12	-
Printing and other charges	1	20	1	20
Total expenses	<u>22,062</u>	<u>49,559</u>	<u>11,520</u>	<u>19,397</u>
Net income from operating activities	<u>127,713</u>	<u>182,192</u>	<u>66,697</u>	<u>70,346</u>
Element of (loss) and capital (losses) included in prices of units issued less those in units redeemed - net	(4,035)	(82,399)	(5,050)	(64,658)
Provision for Workers' Welfare Fund	10.1 -	-	-	-
Net income for the period before taxation	<u>123,678</u>	<u>99,793</u>	<u>61,647</u>	<u>5,688</u>
Taxation	12 -	-	-	-
Net income for the period	<u><u>123,678</u></u>	<u><u>99,793</u></u>	<u><u>61,647</u></u>	<u><u>5,688</u></u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Condensed Interim Statement of Comprehensive Income (Unaudited) For the six and three months period ended 31 December 2016

	Six months period ended 2016	2015	Three months period ended 2016	2015
	------(Rupees in '000)-----			
Net income for the period	123,678	99,793	61,647	5,688
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>123,678</u>	<u>99,793</u>	<u>61,647</u>	<u>5,688</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Condensed Interim Distribution Statement (Unaudited) For the six and three months period ended 31 December 2016

	Six months period ended		Three months period ended	
	2016	2015	2016	2015
	------(Rupees in '000)-----			
Undistributed income brought forward				
- Realised income	86,890	86,154	150,541	179,343
- Unrealised (loss) / income	<u>(90)</u>	<u>(659)</u>	<u>(1,710)</u>	<u>257</u>
	<u>86,800</u>	<u>85,495</u>	<u>148,831</u>	<u>179,600</u>
Net income for the period	123,678	99,793	61,647	5,688
Undistributed income carried forward	<u>210,478</u>	<u>185,288</u>	<u>210,478</u>	<u>185,288</u>
Undistributed income carried forward comprising:				
- Realised income	212,173	187,416	212,173	187,416
- Unrealised (loss)	<u>(1,695)</u>	<u>(2,128)</u>	<u>(1,695)</u>	<u>(2,128)</u>
	<u>210,478</u>	<u>185,288</u>	<u>210,478</u>	<u>185,288</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Condensed Interim Statement of Movement In Unit Holders' Funds (Unaudited) For the six and three months period ended 31 December 2016

	Six months period ended		Three months period ended	
	2016	2015	2016	2015
	------(Rupees in '000)-----			
Net assets at beginning of the period [Rs. 10.1464 per unit (2015: Rs. 10.1423)]	3,171,948	7,013,455	4,695,977	6,713,805
Issue of 547,638,455 units (2015: 919,046,310 units)	5,634,680	9,352,452	3,037,678	375,116
Redemption of 405,848,974 units (2015: 1,253,266,851 units)	(4,200,064)	(12,824,582)	(3,066,075)	(3,435,750)
	1,434,616	(3,472,130)	(28,397)	(3,060,634)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	4,035	82,399	5,050	64,658
(Loss) on sale of investments - net	(174)	(159)	(111)	(285)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(1,695)	(2,128)	15	(2,385)
Other net income for the period	125,547	102,080	61,743	8,358
Total comprehensive income for the period	123,678	99,793	61,647	5,688
Net assets at end of the period [Rs. 10.4186 per unit (2015: Rs. 10.4217)]	<u>4,734,277</u>	<u>3,723,517</u>	<u>4,734,277</u>	<u>3,723,517</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Condensed Interim Cash Flow Statement (Unaudited) For the six and three months period ended 31 December 2016

	Note	Six months period ended		Three months period ended	
		2016	2015	2016	2015
------(Rupees in '000)-----					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income for the period before taxation		123,678	99,793	61,647	5,688
Adjustments:					
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		1,695	2,128	(15)	2,385
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		4,035	82,399	5,050	64,658
		<u>129,408</u>	<u>184,320</u>	<u>66,682</u>	<u>72,731</u>
(Increase) / decrease in assets					
Investments - net		(2,956,819)	(478,410)	1,167,728	569,512
Profit receivables		(455)	(10,659)	262	(9,463)
Advance, prepayment and other receivable		(9,807)	137	(3,261)	83
		<u>(2,967,081)</u>	<u>(488,932)</u>	<u>1,164,729</u>	<u>560,132</u>
Increase / (decrease) in liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company		(20)	(13)	3,135	(1,699)
Payable to Central Depository Company of Pakistan Limited - Trustee		63	(202)	77	(185)
Payable to Securities and Exchange Commission of Pakistan		(2,474)	(5,045)	958	1,008
Payable against purchase of investment		3,498,884	2,998,461	3,498,884	2,998,461
Accrued expenses and other liabilities		(19,515)	(15,534)	(1,997,775)	(1,519)
		<u>3,476,938</u>	<u>2,977,667</u>	<u>1,505,279</u>	<u>2,996,066</u>
Net cash generated from operating activities		<u>639,265</u>	<u>2,673,055</u>	<u>2,736,690</u>	<u>3,628,929</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Amounts received on issue of units		5,657,415	11,866,900	3,037,697	375,503
Payments against redemption of units		(4,873,698)	(12,855,125)	(3,071,368)	(3,435,722)
Distribution paid		(5,439)	(278,346)	-	-
Net cash flow from / (used in) financing activities		<u>778,278</u>	<u>(1,266,571)</u>	<u>(33,671)</u>	<u>(3,060,219)</u>
Net increase in cash and cash equivalents during the period		<u>1,417,543</u>	<u>1,406,484</u>	<u>2,703,019</u>	<u>568,710</u>
Cash and cash equivalents at beginning of the period		3,487,801	1,962,658	2,202,325	2,800,432
Cash and cash equivalents at end of the period	6	<u><u>4,905,344</u></u>	<u><u>3,369,142</u></u>	<u><u>4,905,344</u></u>	<u><u>3,369,142</u></u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

Notes to and forming part of the Condensed Interim Financial Information For the six and three months period ended 31 December 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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).
- 1.2 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).
- 1.3 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).
- 1.4 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.
- 1.5 The Pakistan Credit Rating Agency (PACRA) has assigned a stability rating of AAA(f) to the Fund and an asset manager rating of AM2++ to the Management Company.
- 1.6 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 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). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

- 2.1.1 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last financial statements.
- 2.1.2 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.

NAFA GOVERNMENT SECURITIES LIQUID FUND

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund as at and for the year ended 30 June 2016.

4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of condensed interim financial information requires management to make judgements, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2016.

5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2016.

	Note	31 December 2016 Unaudited	30 June 2016 Audited
(Rupees in '000)			
6 BANK BALANCES			
In current accounts			
In savings accounts	6.1 & 6.2	10,278	9,919
		4,895,066	3,477,882
		<u>4,905,344</u>	<u>3,487,801</u>

6.1 These accounts carry rates of return ranging from 3.75% to 7.43% (30 June 2016: 4.50% to 7.45%) per annum.

6.2 This includes an amount of Rs. 54.296 million on account of redemption of units and Rs. 52.040 million on account of issuance of units relating to various funds under management against switching of units at close of financial period which have been cleared subsequently.

	Note	31 December 2016 Unaudited	30 June 2016 Audited
(Rupees in '000)			
7 INVESTMENTS			
At fair value through profit or loss - held for trading			
Government securities - Market Treasury Bills	7.1	3,497,189	542,065
		<u>3,497,189</u>	<u>542,065</u>

7.1 Investment in government securities - Market Treasury Bills

Issue date	Tenor	Face Value			Market value as at 31 December 2016	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2016	Purchases during the period	Sales/ matured during the period			
Rupees in '000							
6 August 15	12 Months	44,000	1,000,000	1,044,000	-	-	-
20 August 15	12 Months	-	3,300,000	3,300,000	-	-	-
3 September 15	12 Months	-	1,000,000	1,000,000	-	-	-
29 October 15	12 Months	-	1,300,000	1,300,000	-	-	-
4 February 16	12 Months	-	16,000	16,000	-	-	-
12 May 16	3 Months	-	100,000	100,000	-	-	-
12 May 16	6 Months	-	280,000	280,000	-	-	-
21 January 16	6 Months	500,000	650,000	1,150,000	-	-	-
21 July 16	3 Months	-	400,000	400,000	-	-	-
11 July 16	3 Months	-	2,630,500	2,630,500	-	-	-
18 August 16	3 Months	-	5,636,000	5,636,000	-	-	-
1 September 16	3 Months	-	875,000	875,000	-	-	-
4 August 16	3 Months	-	1,191,000	1,191,000	-	-	-
15 October 15	12 Months	-	1,310,000	1,310,000	-	-	-
27 October 16	3 Months	-	1,214,700	1,214,700	-	-	-
10 November 16	3 Months	-	2,000,000	2,000,000	-	-	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

Issue date	Tenor	Face Value				Market value as at 31 December 2016	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2016	Purchases during the period	Sales/ matured during the period	As at 31 December 2016			
						Rupees in '000	%	
26 May 16	6 Months	-	900,000	900,000	-	-	-	-
24 November 16	3 Months	-	100,000	100,000	-	-	-	-
9 June 16	6 Months	-	2,195,000	2,195,000	-	-	-	-
8 December 16	3 Months	-	1,006,500	1,006,500	-	-	-	-
23 June 16	6 Months	-	1,470,000	1,470,000	-	-	-	-
13 October 16	3 Months	-	600,000	600,000	-	-	-	-
11 July 16	6 Months	-	3,950,000	450,000	3,500,000	3,497,189	73.87	1.00
		<u>544,000</u>	<u>33,124,700</u>	<u>30,168,700</u>	<u>3,500,000</u>	<u>3,497,189</u>	<u>73.87</u>	<u>1.00</u>

Carrying value before fair value adjustment as at 31 December 2016

3,498,884

7.1.1 These carry a rate of return ranging from 5.8% to 6.40% (2016: 5.83% to 7%) per annum.

	Note	31 December 2016	31 December 2015
(Unaudited)			
(Rupees in '000)			
7.2 Net unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss			
Market value of investments	7.1	3,497,189	3,000,828
Less: carrying value of investments	7.1	<u>(3,498,884)</u>	<u>(3,002,956)</u>
		<u>(1,695)</u>	<u>(2,128)</u>

7.3 These carry rate of return 5.82% per annum with maturity date of 5 January 2017.

	Note	31 December 2016	30 June 2016
(Rupees in '000)			
8 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management remuneration	8.1	2,573	2,151
Sindh Sales Tax	8.2	334	350
Federal Excise Duty	8.3	45,779	45,779
Allocation of expenses related to registrar services, accounting, operation and valuation services	8.4	<u>2,450</u>	<u>2,876</u>
		<u>51,136</u>	<u>51,156</u>

8.1 Under the revised Non-Banking Finance Companies & Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5 percent of average annual net assets. Effective from 7 December 2015, the Management effective from 7 December 2015. The Management Company has charged its remuneration at the rate of 8% of net income of the Fund subject to Upper Cap of 1.00% and Lower Cap of 0.5% of the average net assets of the Fund.

8.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2016 (30 June 2016: 14%)

8.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have affect in the manner prescribed in the judgment. The Sind High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

NAFA GOVERNMENT SECURITIES LIQUID FUND

The Honorable Sindh High Court (SHC) through its recent order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act 2005 (FED Act) is on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the Honorable Court, as directed, will have effect in the manner prescribed in the judgment. The Sindh High Court in its decision dated 16 July 2016 in respect of constitutional petition filed by management companies of mutual funds maintained the previous order on the FED.

Sindh Revenue Board and Federal Board of Revenue have filed appeals before Honorable Supreme Court against the Sindh High Court's decision dated 2 June 2016. Therefore, as a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 48.162 million out of which Rs. 2.383 million have been paid to. Had the provision not been made, the Net Assets Value (NAV) per unit of the Fund as at 31 December 2016 would have been higher by Rs. 0.106 per unit (30 June 2016: Rs. 0.154 per unit). However, after the exclusion of the mutual funds from federal statute on FED from 1 July 2016, the Fund has discontinued making the provision in this regard.

- 8.4 Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated 25 November 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less" from the mutual funds managed by it. The allocation of expenses relating to registrar services, accounting, operations and valuation services at 0.1% of average net annual assets of the Fund has been charged with effect from 25 November 2015.

9	Note	31 December	30 June
		2016	2016
PAYABLE TO THE CENTRAL DEPOSITORY			
COMPANY OF PAKISTAN LIMITED - TRUSTEE			
		Unaudited	Audited
		(Rupees in '000)	
		428	369
	9.1	56	52
		<u>484</u>	<u>421</u>

- 9.1 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 2016: 14%).

10	Note	31 December	30 June
		2016	2016
ACCRUED EXPENSES AND OTHER LIABILITIES			
		Unaudited	Audited
		(Rupees in '000)	
	10.1	115,239	115,239
		393	435
		230	303
		143	232
		501	23,062
		16,925	13,606
		583	652
		<u>134,014</u>	<u>153,529</u>

- 10.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

NAFA GOVERNMENT SECURITIES LIQUID FUND

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014.

MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds and considering the legal opinion obtained on these matters, MUFAP has recommended the following to all its members on 12 January 2017:

- The entire provision against the Federal WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- The provision in respect of Sindh WWF should be made on a prudent basis on 12 January 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, reversal of provision for WWF amounted to Rs. 115.239 million upto 31 December 2016 and recording of provision for SWWF of Rs. 5.186 million upto 31 December 2016 have been made on 12 January 2017. The net effect of these adjustments as at 31 December 2016 amounted to Rs. 110.053 million.

Had above adjustments been made on 31 December 2016 the net assets value per unit of the Fund would have been higher by Rs. 0.2422.

11 CONTINGENCY AND COMMITMENT

There was no contingency and commitment as at 31 December 2016 (30 June 2016: Nil).

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 2017 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

13 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 0.90% p.a. including 0.16% representing government levies on Collective Investment scheme such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

14.1 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 10 percent or more units of the Fund.

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

14.3 Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

14.4 The details of significant transactions carried out by the Fund with connected persons and balances with them at period / year end are as follows:

NAFA GOVERNMENT SECURITIES LIQUID FUND

14.5 Transactions during the period

	(Unaudited)			
	Six months period ended		Three months period ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- (Rupees in '000) -----			
NBP Fullerton Asset Management Company Limited - Management Company				
Remuneration of the Management Company	12,820	32,062	6,742	12,253
Sindh sales tax on management remuneration	1,667	5,207	877	2,037
Federal Excise Duty on management remuneration	-	5,130	-	1,913
Allocation of expenses related to registrar services, accounting, operation and valuation services	2,450	448	1,277	448
Nil units issued (31 December 2015: 7,181,054 units)	-	73,662	-	-
Nil units redeemed (31 December 2015: 13,692,744 units)	-	141,013	-	105,513
National Bank of Pakistan - Sponsor				
Market Treasury Bills purchases during the period	4,387,159	-	3,092,201	-
Market Treasury Bills sold during the period	247,466	-	-	-
Payment against redemption of units	-	3,689,732	-	-
Bank profit earned in saving account	-	30	-	30
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee for the period	2,215	2,864	1,147	1,197
Sindh Sales Tax for the period on Trustee fee	288	401	149	168
Chief Executive Officer				
units redeemed: Nil (31 December 2015: 14,576)	-	150	-	150
Chief Financial Officer				
36,402 units redeemed (31 December 2015: 128,903)	372	1,325	-	300
Chief Operating Officer & Company Secretary				
62,638 Units Redemed (31 December 2015: Nil units)	641	-	1	-
Employees of the Management Company				
203,554 units issued (31 December 2015: 317,753 units)	2,104	3,248	-	1,060
264,581 units redeemed (31 December 2015: 377,259 units)	2,736	3,870	-	419
NBP Exchange Company Limited				
Units Redeemed: Nil units (31 December 2015: 4,926,691 units)	-	50,000	-	-
Thal Limited Employees Provident Fund				
Market Treasury Bills purchased during the period	11,884	4,972	-	-
Market Treasury Bills sold during the period	-	3,983	-	-
14,360,772 units issued (31 December 2015: Nil units)	149,109	-	-	-
Service Provident Fund Trust	-	-	-	-
Market Treasury Bills purchased during the period	-	93,750	-	-
NAFA Money Market Fund				
Market Treasury Bills purchased during the period	-	246,978	-	246,978
Market Treasury Bills sold during the period	-	895,370	-	-
Mutual Fund Association of Pakistan - MUFAP				
588,766 units issued (31 December 2015: 539,332 units)	6,000	5,500	-	-
Units Redeemed Nil (31 December 2015: 527,576 units)	-	5,450	-	3,265
NAFA Government Securities Saving Fund				
Market Treasury Bills purchased during the period	47,633	178,381	17,833	9,930
Byco Petroleum Pakistan Limited –Employee Provident Fund				
1,329,585 units issued (31 December 2015: Nil units)	13,729	-	-	-
Market Treasury Bills purchased during the period	-	20,944	-	-
Byco Oil Pakistan Limited- Employee Provident Fund				
262,237 units issued (31 December 2015: Nil units)	2,708	-	-	-
Market Treasury Bills purchased during the period	-	33,411	-	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

	(Unaudited)			
	Six months period ended		Three months period ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- (Rupees in '000) -----			
NAFA Income Opportunity Fund				
Market Treasury Bills purchased during the period	324,495	-	-	-
NAFA Saving Plus Fund				
Market Treasury Bills purchased during the period	29,952	-	-	-
NAFA Income Fund				
Market Treasury Bills purchased during the period	29,952	-	-	-
Pakistan Petroleum Limited				
Units issued: Nil (31 December 2015: 72,610,753 units)	-	741,000	-	-
Cherat Cement Company Limited				
Nil units issued (31 December 2015: 11,051,126 units)	-	112,278	-	-
Nil units redeemed (31 December 2015: 22,088,364 units)	-	224,735	-	-
NBP Leasing Limited Employees Provident Fund				
Nil units redeemed (31 December 2015: 49,971 units)	521	-	521	-
Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund				
Market Treasury Bills purchased	5,679	34,255	-	-
Market Treasury Bills sold	-	2,490	-	-
Millat Tractors Ltd				
51,278,858 units issued (31 December 2015: Nil units)	525,000	-	525,000	-
Indus Motor Company Ltd				
173,776,414 units issued (31 December 2015: Nil units)	1,780,000	-	1,780,000	-
122,895,111 units redeemed (31 December 2015: Nil units)	1,280,125	-	1,280,125	-

31 December 2016 **30 June 2016**
Unaudited **Audited**
 ----- (Rupees in '000) -----

14.6 Balances outstanding as at period / year end:

NBP Fullerton Asset Management Limited - Management Company

Receivable from the Management Company		
Management remuneration payable	6,980	6,980
Sindh Sales Tax payable	2,573	2,151
Federal Excise Duty payable	334	350
Allocation of expenses related to registrar services, accounting, operation and valuation services	45,779	45,779
	2,450	2,876

Central Depository Company of Pakistan Limited - Trustee

Trustee remuneration		
Sindh Sales Tax	428	369
	56	52

National Bank of Pakistan - Sponsor

Balance in current account		
Balance in savings account	1,215	304
	5,127	5,266

Company Secretary & Chief Operating Officer

Units held: Nil (30 June 2016: 62,637 units)		
	-	636

Chief Financial Officer

Nil units held (30 June 2016: 36,402 units)		
	-	369

NAFA GOVERNMENT SECURITIES LIQUID FUND

	31 December 2016 Unaudited ----- (Rupees in '000)-----	30 June 2016 Audited
Employees of the Management Company 12,290 units held (2016: 73,316 units)	128	744
Mutual Funds Association Of Pakistan - Associated Companies 588,766 units held (2016: Nil units)	6,134	-
NBP Employees Pension Fund 17,785,249 units held (2016: 17,785,249 units)	185,297	180,456
NBP Endowment Funds Students Loan Scheme 12,259,978 units held (2016: 12,259,978 units)	127,732	124,395
NBP Leasing Limited Employees Provident Fund 458,302 units held (2016: 458,302 units)	4,775	4,650
Summit Bank Limited Balance in Current Account	9,063	8,703
Thal Limited-Treasury Division - Related Party 14,360,773 units held (30 June 2016: Nil units)	149,619	-
Byco Petroleum Pakistan Limited –Employee Provident Fund 1,329,585 units held (30 June 2016: Nil units)	13,852,417	-
Byco Oil Pakistan Limited- Employee Provident Fund 262,237 units held (30 June 2016: Nil units)	2,732,140	-
NAFA Money Market Fund Net (payable) against conversion of units	-	(567,951)
NAFA Savings Plus Fund Net (payable) against conversion of units	-	(14,778)
NAFA Islamic Aggressive Income Fund Net (payable) against conversion of units	-	(90,905)
NAFA Islamic Energy Fund Net receivable against conversion of units	-	5,171
NAFA Stock Fund Net receivable against conversion of units	-	715
NAFA Financial Sector Income Fund Net receivable against conversion of units	-	15,437
NAFA Islamic Asset Allocation Fund Net receivable against conversion of units	-	1,412
K & N's Foods Private Limited 48,997,236 units held (30 June 2016: 48,997,236 units)	510,483	497,146
Indus Motor Company Ltd 50,881,303 units held (30 June 2016: Nil units)	530,112	-
Millat Tractors Ltd 51,278,858 units held (30 June 2016: Nil units)	534,254	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

15 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 price 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. Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).

IFRS 13, 'Fair Value Measurement' 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		31 December 2016							
		Carrying amount			Fair value				
		At fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		-----Unaudited-----							
		----- (Rupees in '000) -----							
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investment									
-	Market Treasury Bills	3,497,189	-	-	3,497,189	-	3,497,189	-	3,497,189
Financial assets not measured at fair value 15.1									
	Bank balances	-	4,905,344	-	4,905,344	-	-	-	-
	Profit receivable	-	1,116	-	1,116	-	-	-	-
	Advance, prepayment and other receivable	-	16,983	-	16,983	-	-	-	-
		-	4,923,443	-	4,923,443	-	-	-	-
Financial liabilities not measured at fair value 15.1									
	Payable to NBP Fullerton Asset Management Limited - Management Company	-	-	51,136	51,136	-	-	-	-
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	484	484	-	-	-	-
	Payable against conversion of units	-	-	-	-	-	-	-	-
	Payable against purchase of investment	-	-	3,498,884	3,498,884	-	-	-	-
	Dividend payable	-	-	-	-	-	-	-	-
	Accrued expenses and other liabilities	-	-	1,349	1,349	-	-	-	-
		-	-	3,551,853	3,551,853	-	-	-	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

30 June 2016							
Carrying amount				Fair value			
At fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
-----Audited-----							
------(Rupees in '000)-----							
On-balance sheet financial instruments							
Financial assets measured at fair value							
Investments							
- Market Treasury Bills	542,065	-	-	542,065	-	542,065	-
Financial assets not measured at fair value							
Bank balances							
	-	3,487,801	-	3,487,801	-	-	-
Profit receivables							
	-	661	-	661	-	-	-
Advance, prepayment and other receivable							
	-	7,176	-	7,176	-	-	-
	-	3,495,638	-	3,495,638	-	-	-
Financial liabilities not measured at fair value							
Payable to NBP Fullerton Asset Management Limited - Management Company							
	-	-	51,156	51,156	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee							
	-	-	421	421	-	-	-
Payable against conversion of units							
	-	-	673,634	673,634	-	-	-
Payable against purchase of investment							
	-	-	-	-	-	-	-
Dividend payable							
	-	-	5,439	5,439	-	-	-
Accrued expenses and other liabilities							
	-	-	1,622	1,622	-	-	-
	-	-	732,272	732,272	-	-	-

15.1 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.

16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on February 28, 2017.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



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

Head Office

7th Floor, Clifton Diamond Building, Block No.4,
Scheme No.5, Clifton, Karachi.

UAN: 021-111-111-632

Toll Free: 0800-20002

Sms: NAFA INVEST to 8080

Fax: 021-35825335

Email: info@nafafunds.com

Website: www.nafafunds.com

 /nafafunds