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

NAFA GOVERNMENT SECURITIES SAVINGS FUND

QUARTERLY
REPORT September 30
2017




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 SAVINGS 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. Lui Mang Yin (Martin Lui)	Director
Mr Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

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

Human Resource and Remuneration Committee

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

Trustee

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

Bankers to the Fund

Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
United Bank Limited
National Bank of Pakistan
Summit Bank Limited
JS Bank Limited
Khushhali Bank Limited
Sindh Bank Limited
Samba Bank Limited
Bankislami Pakistan Limited
Zarai Taraqiat Bank Limited

NAFA GOVERNMENT SECURITIES SAVINGS 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 SAVINGS FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of **NAFA Government Securities Savings Fund (NGSSF)** for the quarter ended September 30, 2017.

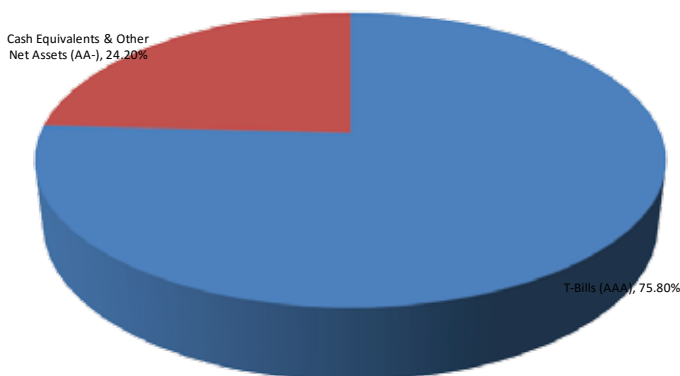
Fund's Performance

The size of NAFA Government Securities Savings Fund has increased from Rs. 108 million to Rs. 158 million during the quarter, i.e. a notable increase of 46%. During the period under review, the unit price of the Fund has increased from Rs. 10.3042 on June 30, 2017 to Rs. 10.4299 on September 30, 2017; thus posting a return of 4.9% as compared to its Benchmark return of 6.0%. The performance of the Fund is net of management fee and all other expenses.

NAFA Government Securities Savings Fund (NGSSF) invests a minimum of 70% in Government Securities. The Fund invests at least 10% of its assets in less than 90 days T-Bills or saving accounts with banks, which enhances liquidity profile of the Fund.

During the period, State Bank of Pakistan (SBP) maintained the policy rate at 5.75%. SBP cited that macroeconomic environment remains conducive to growth without impacting headline inflation. Average CPI inflation eased to 3.4% in Jul-Sep FY18 compared to 3.9% during the same period last year. Given potential risks to inflation and interest rates from deteriorating Balance of Payment (BoP) position, investors' preference tilted towards short-term government securities as indicated by heavy participation in 03 month T-bills. During the quarter, T-bill yields remained almost unchanged however, PIB yields increased by 45 bps, 56 bps and 13 bps for the 3 year, 5 year and 10 year tenors, respectively. With pickup in private sector investment activity we have seen increased issuance of corporate debt securities. Trading activity in corporate TFCs/Sukuku increased slightly with a cumulative trade value of around Rs. 2.5 billion as compared to Rs. 1.5 billion during 1QFY17 with Banking sector making up the lion's share.

The Fund has earned total income of Rs.2.27 million during the period. After deducting expenses of Rs.0.62 million, the net income is Rs.1.65 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSSF.



NAFA GOVERNMENT SECURITIES SAVINGS 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: October 27, 2017
Place: Karachi.

ڈائریکٹر رپورٹ

این بی پی فلٹرین ایسٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹر NAFA گورنمنٹ سیکیورٹیز سیونگز فنڈ (NGSSF) کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے اختتامہ سہ ماہی 30 ستمبر 2017 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

فنڈ کی کارکردگی

اس سہ ماہی کے دوران NAFA گورنمنٹ سیکیورٹیز سیونگز فنڈ (NGSSF) کا حجم 108 ملین روپے سے بڑھ کر 158 ملین روپے ہو گیا، جو کہ 46 فیصد کا اضافہ ہے۔ زیر جائزہ مدت کے دوران یونٹ کی قیمت جو 30 جون 2017 کو 10.3042 روپے تھی جو 30 ستمبر 2017 کو بڑھ کر 10.4299 روپے ہو گئی، لہذا منافع 4.9 فیصد ہو گیا جبکہ ٹینج مارک منافع 6.0 فیصد تھا۔ فنڈ کی یہ کارکردگی انتظامیہ کے معاوضہ اور دیگر تمام اخراجات نکالنے کے بعد ہے۔

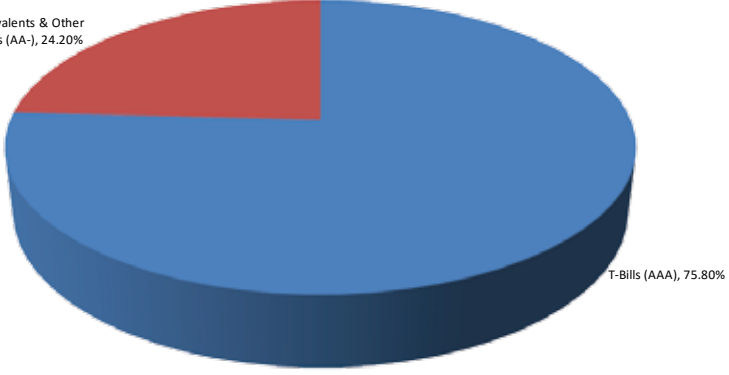
NAFA گورنمنٹ سیکیورٹیز سیونگز فنڈ (NGSSF) کی کم از کم 70 فیصد سرمایہ کاری حکومتی تمسکات میں ہے۔ فنڈ نے کم از کم 10 فیصد سرمایہ کاری 90 دن سے کم مدت کے T-Bill یا بینکوں کے سیونگز اکاؤنٹ میں کی ہے، جس سے فنڈ کے روانی پر وفاق میں اضافہ ہوا ہے۔

اس مدت کے دوران، اسٹیٹ بینک آف پاکستان نے اپنے پالیسی نرخ 5.75% پر برقرار رکھے۔ SBP نے بڑے معاشی معاملات کو ترقی کے لئے موزوں قرار دیا اس بات کی پرواہ کئے بغیر کہ افراط زر کے کیا اثرات مرتب ہونگے۔ جولائی سے ستمبر مالی سال 2018 کے دوران درمیانی CPI افراط زر میں قدرے کمی آئی جو کہ 3.4 فیصد رہی جو پچھلے سال اسی مدت کے دوران 3.9 فیصد تھی۔ توازن ادائیگی کی بگڑتی ہوئی صورتحال کے پیش نظر افراط زر اور سودی نرخوں میں متوقع اضافے کی وجہ سے 3 ماہ کی مدت کی قلیل المیعاد حکومتی تمسکات کی طرف سرمایہ داروں کا رجحان رہا جس کی نشاندہی سہ ماہی T-Bills میں بھاری سرمایہ کاری سے ہوتی ہے۔ اس سہ ماہی کے دوران T-Bills پر منافع تقریباً غیر متزلزل رہا تاہم PIB کی تین سالہ، پانچ سالہ اور 10 سالہ مدتی اسکیموں کے منافع میں بالترتیب 45 بی پی ایس، 56 بی پی ایس اور 13 بی پی ایس اضافہ ہوا۔ پرائیویٹ سیکٹر میں سرمایہ کاری کی سرگرمیوں میں اضافہ کی وجہ سے کارپوریٹ قرضہ کی تمسکات میں اضافہ دیکھنے میں آیا۔ ٹریڈنگ کی سرگرمیوں کی وجہ سے کارپوریٹ TFCs / سٹاک میں معمولی اضافہ ہوا جس کے باعث 2.5 بلین روپے مالیت کے مجموعی سودے ہوئے جبکہ مالی سال 2017 کی پہلی سہ ماہی میں 1.5 بلین تھے۔ مذکورہ بالا سہ ماہی میں بینکنگ سیکٹر کا ایک بہت بڑا حصہ ہے۔

فنڈ کو اس مدت کے دوران 2.27 بلین روپے کی کل آمدنی ہوئی۔ 0.62 بلین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 1.65 بلین روپے ہو گئی۔ مندرجہ ذیل چارٹ اثاثوں کی تخصیص اور NGSSF کے ہر ذیلی اثاثے کی اوزانی اوسط درجہ بندی کو ظاہر کرتا ہے۔

NAFA GOVERNMENT SECURITIES SAVINGS FUND

Cash Equivalents & Other
Net Assets (AA-), 24.20%



اعتراف

اس موقع پر بورڈ اپنے تمام یونٹ ہولڈرز کا شکریہ ادا کرتا ہے جنہوں نے انتظامی کمپنی پر اپنے بھروسے اور اعتماد کا اظہار کیا اور ہمیں اپنی خدمت کا موقع دیا۔ بورڈ اپنی مخلصانہ ستائش سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک کو ان کی سرپرستی اور رہنمائی پر پیش کرتا ہے۔

بورڈ بخوشی اس بات کا اعتراف کرتا ہے کہ ملازمین اور ٹرسٹیز نے انتھک محنت، جدوجہد اور لگن سے کام کیا۔

از طرف بورڈ

این بی پی فلٹرین ایسٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ: اکتوبر 27، 2017

بمقام کراچی

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2017

	Note	(Un- Audited) September 30' 2017	Audited June 30, 2017
(Rupees in '000)			
ASSETS			
Balances with banks		41,901	114,253
Investments	4	119,431	89,912
Profit receivable	5	44	41
Receivable against conversion of units		149	-
Deposits and prepayments		866	896
Total assets		162,391	205,102
LIABILITIES			
Payable to the Management Company		481	438
Payable to Central Depository Company of Pakistan Limited - Trustee		32	28
Payable to Securities and Exchange Commission of Pakistan		26	126
Payable against purchase of investments		-	89,971
Accrued expenses and other liabilities	6	4,290	6,778
Total liabilities		4,829	97,341
NET ASSETS		157,562	107,761
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		157,562	107,761
CONTINGENCIES AND COMMITMENTS	7		
-----Number of units-----			
Number of units in issue		15,106,750	10,457,979
------(Rupees)-----			
NET ASSET VALUE PER UNIT		10.4299	10.3042

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
(Rupees in '000)			
INCOME			
Income from treasury bills		1,495	2,001
Income from Pakistan Investment Bonds		-	1,585
Profit on bank deposits		786	910
Capital (loss) on sale of investments - net		-	(10)
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(16)	(724)
Total income		2,265	3,762
EXPENSES			
Remuneration of the Management Company		196	340
Sindh sales tax on remuneration of the Management Company		26	44
Accounting and operational expenses		35	60
Remuneration of Central Depository Company of Pakistan Limited - Trustee		59	102
Sindh sales tax on remuneration of Trustee		8	13
Annual fee - Securities and Exchange Commission of Pakistan		26	45
Settlement and bank charges		8	32
Annual listing fee		8	10
Auditors' remuneration		170	120
Fund rating fee		44	92
Printing charges		-	28
Total Expenses		580	886
Net Income from operating activities		1,685	2,876
Net element of (loss) and capital (losses) included 'in prices of units issued less those in units redeemed		-	(1,093)
Provision for Sindh Workers' Welfare Fund		(34)	-
Net Income for the period before taxation	8	1,651	1,783
Taxation		-	-
Net income for the period after taxation	9	1,651	1,783
Earnings per unit	10	-	-
Allocation of Net income for the period:			
Income already paid on units redeemed		(63)	-
Accounting income available for distribution:			
- Relating to Capital Gains		(15)	-
- Excluding Capital Gains		1,603	-
Accounting Income available for distribution		1,588	1,783

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
	(Rupees in '000)	
Accounting income available for distribution	1,588	1,783
Other Comprehensive Income	-	-
Total comprehensive income for the period	<u>1,588</u>	<u>1,783</u>

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
(Rupees in '000)			
Net assets at the beginning of the period		107,761	303,909
Issue of 5,920,333 units (2016: 1,164,022 units)		61,319	12,006
Redemption of 1,271,562 units (2016: 16,268,352 units)		(13,169)	(168,492)
		48,150	(156,486)
Element of income and capital gains included in the prices of units issued less those in units redeemed		-	1,093
Accounting Income available for distribution		1,588	1,783
Income already paid on units redeemed		63	-
Net assets at the end of the period		157,562	150,299
Net Assets value per unit as at beginning of the period		10.3042	10.2896
Net Assets value per unit as at end of the period		10.4299	10.4119
Distribution during the period:			
Undistributed income brought forward			
Realised income		38,911	35,676
Unrealised (loss)/income		(59)	3,009
		38,852	38,685
Accounting income available for distribution:			
-Relating to capital gains		(15)	-
-Excluding capital gains		1,603	-
		1,588	1,783
Undistributed income carried forward		40,440	40,468
Undistributed income carried forward comprises of:			
- Realised Gain		40,456	41,192
- Unrealised (loss)		(16)	(724)
		40,440	40,468

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income for the period	1,651	1,783
Adjustments		
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	16	724
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed	-	1,093
	1,667	3,600
(Increase) / decrease in assets		
Investments	(29,535)	131,593
Profit receivable	(3)	2,615
Deposits and prepayments	30	(581)
	(29,508)	133,627
Increase / (decrease) in liabilities		
Payable to the Management Company	43	(134)
Payable to Central Depository Company of Pakistan Limited - Trustee	4	(44)
Payable to the Securities and Exchange Commission of Pakistan	(100)	(230)
Payable against purchase of investments	(89,971)	-
Accrued expenses and other liabilities	(2,488)	(2,595)
	(92,512)	(3,003)
Net cash (used in) / generated from operating activities	(120,353)	134,224
CASH FLOW FROM FINANCING ACTIVITIES		
Net receipts from issue of units	61,170	12,706
Net payments on redemption of units	(13,169)	(180,232)
Net cash generated from / (used in) operating activities	48,001	(167,526)
Net (decrease) in cash and cash equivalents during the period	(72,352)	(33,302)
Cash and cash equivalents at the beginning of the period	114,253	69,130
Cash and cash equivalents at the end of the period	41,901	35,828

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES SAVINGS FUND

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

The directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed financial statements for the quarter ended September 30, 2017 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2017 except for element of income. Pursuant to SRO 756(I)/2017, management has changed its accounting policy whereby element of income / loss and capital gains / losses in prices of units issued less those in units redeemed' during the year, previously transferred to the 'income statement' has now been taken to unit holders' fund. The above change has been applied from July 01, 2017 as clarified by MUFAP, therefore the comparative information have not been restated.

NAFA GOVERNMENT SECURITIES SAVINGS FUND

	Note	Un-audited As at September 30, 2017	Audited As at June 30, 2017
		(Rupees in '000)	
4	Investments		
	At fair Value through profit and loss		
	Market Treasury Bills	4.1	119,431
			89,912

4.1 Investment in Treasury Bills

Issue date	Tenor	Face Value				Market Value (Rs. In '000') September 30, 2017	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchased during the period	Disposed / matured during the period	As at September 30, 2017			
16-Mar-17	6 Months	-	30,000	30,000	-	-	-	-
13-Apr-17	3 Months	90,000	90,000	180,000	-	-	-	-
27-Apr-17	3 Months	-	80,000	80,000	-	-	-	-
22-Jun-17	3 Months	-	30,000	30,000	-	-	-	-
20-Jul-17	3 Months	-	80,000	-	80,000	79,847	50.68	66.86
18-Aug-16	12 Months	-	30,000	30,000	-	-	-	-
31-Aug-17	3 Months	-	10,000	-	10,000	9,913	6.29	8.30
14-Sep-17	3 Months	-	30,000	-	30,000	29,671	18.83	24.84
						119,431	75.80	100.00
						119,447		

Carrying value before fair value adjustment as at September 30, 2017

	Un-audited As at September 30, 2017	Audited As at June 30, 2017	
	(Rupees in '000)		
5	PROFIT RECEIVABLE		
	Savings deposits	44	41
6	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Provision for Sindh Workers' Welfare Fund	433	399
	Federal Excise Duty on management remuneration	1,864	1,864
	Federal Excise Duty on sales load	371	371
	Auditors' remuneration	473	302
	Brokerage fee	-	8
	Bank charges	53	47
	Printing charges	52	58
	Withholding tax	1,040	1,078
	Capital gains tax	3	66
	Legal fee	1	2
	Payable to NAFA Government Securities Liquid Fund (related party)	-	2,583
		4,290	6,778

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at September 30, 2017 and June 30, 2017.

NAFA GOVERNMENT SECURITIES SAVINGS FUND

8 PROVISION FOR SINDH WORKERS' WELFARE FUND

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

In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP on January 12, 2017 recommended all its members that as a matter of abundant caution the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at September 30, 2017 would have been higher by Re 0.0286 per unit.

9 TAXATION

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

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

10 EARNINGS PER UNIT

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

11 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.77% p.a. including 0.27% representing government levies on collective Investment scheme such as Sales tax, Sindh Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

12 TRANSACTIONS WITH CONNECTED PERSONS

- 12.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, NAFA provident Trust Fund being the employee contribution plan of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 12.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 12.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 12.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC regulation and the Trust Deed.

NAFA GOVERNMENT SECURITIES SAVINGS FUND

	Un-audited For the Quarter ended September 30, 2017	Un-audited For the Quarter ended September 30, 2016
	------(Rupees in '000)-----	
12.5 Details of the transactions with connected persons are as follows:		
NBP Fullerton Asset Management Limited - Management Company		
Remuneration of the Management Company	196	340
Sindh sales tax on remuneration of the Management Company	26	44
Sales load	-	2
Accounting and operational expenses	35	60
Units issued / transferred In: 4,816,816 (2016: Nil units)	49,870	-
NAFA Government Securities Liquid Fund		
Treasury Bills sold	-	29,800
NAFA Income Opportunity Fund		
Treasury Bills sold	-	68,308
Employees of the Management Company		
Units redeemed / transferred out Nil units (2016: 9,778 units)	-	101
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	59	102
Sindh sales tax on remuneration of Trustee	8	13
Mr Khalid Mehmood - CFO		
Units redeemed / transferred out Nil units (2016: 96,149 units)	-	1,000
Gul Ahmed Energy Limited		
Units redeemed / transferred out Nil units (2016:1,662,966 units)	-	17,310
	Un-audited As at September 30, 2017	Audited As at June 30, 2017
	------(Rupees in '000)-----	
12.6 Amounts outstanding as at period end		
NBP Fullerton Asset Management Limited - Management Company		
Management remuneration payable	72	64
Sindh Sales Tax payable	10	8
Accounting and operational expenses	203	168
Sales load and transfer load payable	116	117
Sales tax on sale load	35	-
Other payable	45	45
Units held: 8,228,622 units (2017: 3,411,806 units)	85,824	35,156
Employees of the Management Company		
Units held: 31,141, units (June 30, 2017 31,142 units)	325	321
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	22	19
CDS charges payable	7	7
Security deposit	102	102
Sindh Sales Tax payable	3	2
National Bank of Pakistan		
Bank Balance in Savings account	266	297

NAFA GOVERNMENT SECURITIES SAVINGS FUND

	Un-audited As at September 30, 2017	Audited As at June 30, 2017
	----- (Rupees in '000) -----	
Summit Bank		
Bank Balance in Current account	146	203
NAFA Asset Allocation Fund		
Net (payable) / net receivable against conversion of units	-	(700)
NAFA Islamic Asset Allocation Fund		
Net receivable / (payable) against conversion of units	-	700
NAFA Money Market Fund		
Net (payable) against conversion of units	-	(8,945)
NAFA Saving Plus Fund		
Net (payable) / net receivable against conversion of units	-	(2,103)

13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 27, 2017.

14 GENERAL

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

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

Chief Financial Officer

Chief Executive Officer

Director



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

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