

**AM1**  
Rated by PACRA



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

# NAFA GOVERNMENT SECURITIES LIQUID 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 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. 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  
United Bank Limited  
National Bank of Pakistan  
Summit Bank Limited  
JS Bank Limited  
Askari Bank Limited  
Sindh Bank Limited  
Samba Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Bankislami Pakistan Limited  
Zarai Taraqiati Bank Limited  
MCB Bank Limited  
Soneri Bank Limited  
Faysal 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:**

7<sup>th</sup> 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 unaudited financial statements of **NAFA Government Securities Liquid Fund** (NGSLF) for the quarter ended September 30, 2017.

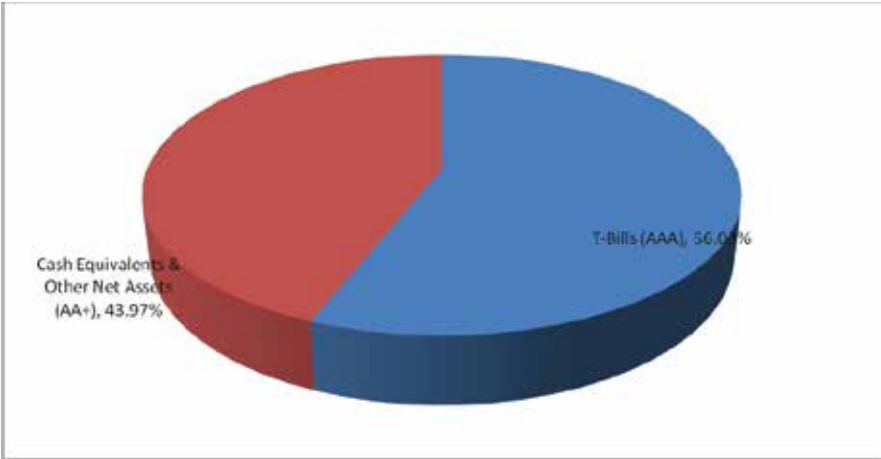
### Fund's Performance

The size of NAFA Government Securities Liquid Fund has increased from Rs. 4,598 million to Rs. 5,344 million during the quarter, i.e. an increase of 16%. During the period under review, the unit price of the Fund has increased from Rs. 10.1614 on June 30, 2017 to Rs. 10.2936 on September 30, 2017; thus posting a return of 5.2%, in line with its Benchmark return of 5.2%. The performance of the Fund is net of management fee and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. NGSFL is the largest Fund in Pakistan in this rating category. 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 risks are exceptionally low due a minimum 70% investment in Government securities (T-Bill) with average maturity of the overall portfolio at 40 days. The Fund is allowed to invest in AA & above rated Banks/DFIs with maximum maturity of six months.

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. T-bill yields remained almost unchanged during the quarter.

The Fund has earned total income of Rs.78.28 million during the period. After deducting expenses of Rs.12.80 million, the net income is Rs.65.48 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSFL.



# 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: October 27, 2017  
Place: Karachi.

## ڈائریکٹرز رپورٹ

این بی پی فلٹرٹن ایسٹیمٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA گورنمنٹ سیکیورٹیز کلوڈ فنڈ (NGSLF) 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 کلوڈ فنڈ (NGSLF) کا حجم 4,598 ملین روپے سے بڑھ کر 5,344 ملین روپے ہو گیا، جو کہ 16 فیصد کا اضافہ ہے۔ اس مدت کے دوران یونٹ کی قیمت جو 30 جون 2017 کو 10.1614 روپے سے بڑھ کر 30 ستمبر 2017 کو 10.2936 روپے ہو گئی، لہذا منافع 5.2 فیصد رہا جو کہ شیڈ مارک منافع 5.2 فیصد کے برابر ہے۔ فنڈ کی یہ کارکردگی انتظامیہ کے معاوضہ اور دیگر تمام اخراجات نکالنے کے بعد ہے۔

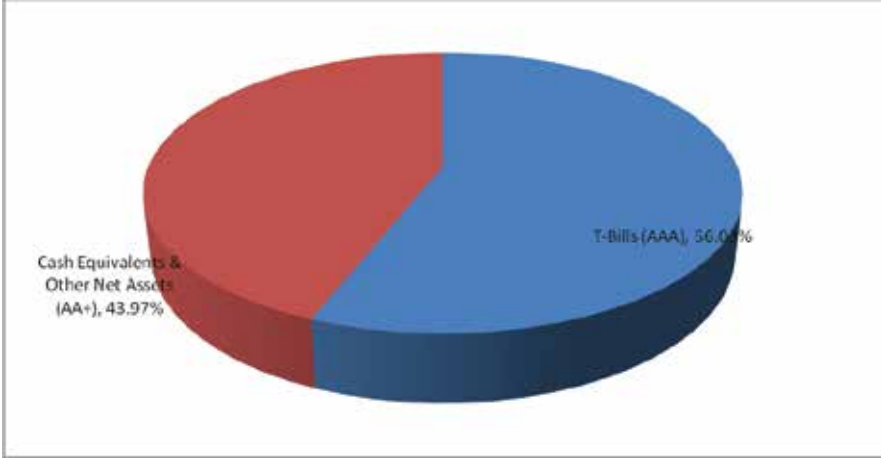
PACRA نے NGSLF کو 'AAA (f)' کی مستحکم درجہ بندی دی ہے۔ درجہ بندی کے لحاظ سے NGSLF پاکستان کا سب سے بڑا فنڈ ہے۔ یہ درجہ بندی مضبوط سا کھار اور روانی کے غیر معمولی پروفائل کی عکاسی کرتا ہے۔ T-Bills فنڈ کے بڑے اثاثے ہیں۔ فنڈ کے کریڈٹ، روانی اور سودی نرخ غیر معمولی طور پر بہت کم ہیں جس کی وجہ 70 فیصد سرمایہ کاری حکومتی مسکات (T-Bills) میں ہے جس کے مجموعی پورٹ فولیو کی اوسطاً واجب الادائیگی 40 دن ہے۔ فنڈ کو AA یا اس اس سے اوپر کی درجہ بندی کے حامل بینکوں / ڈی ایف آئز میں سرمایہ کاری کی اجازت ہے جو زیادہ سے زیادہ چھ ماہ میں واجب الادا ہوجاتے ہیں۔

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 مسکات 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۔

فنڈ کو اس مدت کے دوران 78.28 ملین روپے کی آمدنی ہوئی۔ 12.80 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 65.48 ملین روپے رہ گئی۔ مندرجہ ذیل چارٹ اثاثوں کی تخصیص اور NGSLF کے ہر ذیلی اثاثے کی اوزانی اوسطاً درجہ بندی کو ظاہر کرتا ہے۔



# NAFA GOVERNMENT SECURITIES LIQUID FUND



## اعتراف

اس موقع پر بورڈ اپنے تمام یونٹ ہولڈرز کا شکریہ ادا کرتے ہیں 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 سٹیز نے انتخاب محنت، جدوجہد اور لگن سے کام کیا۔

## از طرف بورڈ

این بی پی فلرٹن ایسٹ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ: اکتوبر 27، 2017

بمقام کراچی

# NAFA GOVERNMENT SECURITIES LIQUID 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)			
<b>ASSETS</b>			
Bank balances		5,437,050	4,716,993
Investments	4	2,994,266	2,008,028
Profit receivable		1,870	329
Receivable against conversion of units		763	121
Advance, prepayment and other receivable		10,091	10,177
<b>Total assets</b>		<b>8,444,040</b>	<b>6,735,648</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company		9,270	8,146
Payable to Central Depository Company of Pakistan Limited - Trustee		456	476
Payable to Securities and Exchange Commission of Pakistan		960	3,960
Payable against purchase of investments		2,995,200	2,009,345
Payable against redemption of units		987	481
Dividend payable		-	7,189
Accrued expenses and other liabilities	5	92,722	107,822
<b>Total liabilities</b>		<b>3,099,595</b>	<b>2,137,419</b>
<b>Net Assets</b>		<b>5,344,445</b>	<b>4,598,229</b>
<b>Unit Holders' Funds (as per statement attached)</b>		<b>5,344,445</b>	<b>4,598,229</b>
<b>Contingencies &amp; Commitments</b>	6	-	-
-----Number of units-----			
<b>Number of units in issue</b>		<b>519,202,553</b>	<b>452,520,963</b>
------(Rupees)-----			
<b>Net asset value per unit</b>		<b>10.2936</b>	<b>10.1614</b>

The annexed notes 1 to 13 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 LIQUID FUND

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

	Note	Quarter Ended September 30' 2017 (Rupees in '000)	Quarter Ended September 30, 2016
<b>INCOME</b>			
Gain / (loss) on sale of investments - net		127	(63)
Income from government securities		60,093	61,230
Income from term deposit receipts		285	-
Profit on bank deposits		18,702	12,101
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(930)	(1,710)
<b>Total Income</b>		<u>78,277</u>	<u>71,558</u>
<b>EXPENSES</b>			
Remuneration to NBP Fullerton Asset Management Limited - Management Company		6,653	6,078
Sindh Sales Tax on remuneration to Management Company		865	790
Remuneration to Central Depository Company of Pakistan Limited - Trustee		1,149	1,068
Sindh Sales Tax on Trustee remuneration		149	139
Accounting and operational expenses		1,279	1,173
Annual fee - Securities and Exchange Commission of Pakistan		960	879
Securities transaction cost		12	55
Bank charges		56	92
Annual listing fee		14	17
Auditors' remuneration		189	128
Fund rating fee		99	23
Printing Charges		25	38
Legal and professional charges		13	62
<b>Total Expenses</b>		<u>11,463</u>	<u>10,542</u>
<b>Net income from operating activities</b>		<u>66,814</u>	<u>61,016</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		-	1,015
Provision for Sindh Workers' Welfare Fund	8	(1,336)	-
<b>Net income for the period before taxation</b>		<u>65,478</u>	<u>62,031</u>
Taxation	7	-	-
<b>Net income for the period after taxation</b>		<u>65,478</u>	<u>62,031</u>
<b>Earnings per unit</b>	10	-	-
<b>Allocation of Net income for the period:</b>			
Income already paid on units redeemed		(4,846)	-
Accounting income available for distribution:			
- Relating to Capital Gains		(744)	-
- Excluding Capital Gains		61,376	-
<b>Accounting Income available for Distribution</b>		<u>60,632</u>	<u>62,031</u>

The annexed notes 1 to 13 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 LIQUID FUND

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

	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
	(Rupees in '000)	
Accounting Income available for Distribution	60,632	62,031
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u><u>60,632</u></u>	<u><u>62,031</u></u>

The annexed notes 1 to 13 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 LIQUID FUND

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

	Quarter Ended September 30' 2017	Quarter Ended September 30, 2016
	(Rupees in '000)	
Net assets at the beginning of the period	4,598,229	3,171,948
Issue of 158,838,136 units (September 30, 2016: 255,030,977 units)	1,623,833	2,597,002
Redemption of 92,156,546 units (September 30, 2016: 110,940,238 units)	(943,095)	(1,133,989)
	680,738	1,463,013
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		
- amount representing (income) transferred to condensed interim income statement	-	(1,015)
Accounting income available for distribution	60,632	62,031
Income already paid on units redeemed	4,846	-
<b>Net assets as at the end of the period</b>	<b>5,344,445</b>	<b>4,695,977</b>
Net Assets value per unit as at beginning of the period	10.1614	10.1464
Net Assets value per unit as at end of the period	10.2936	10.2822
<b>Distribution during for the period:</b>		
Undistributed income brought forward		
Realised gain	94,876	86,890
Unrealised (loss)	(1,317)	(90)
	93,559	86,800
Accounting income available for distribution:		
-Relating to capital gains	(744)	-
-Excluding capital gains	61,376	-
	60,632	62,031
Undistributed income carried forward	154,191	148,831
Undistributed income comprising of :		
Realised gain	155,121	150,541
Unrealised (loss)	(930)	(1,710)
	154,191	148,831

The annexed notes 1 to 13 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 LIQUID FUND

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

	Quarter Ended September 30' 2017 (Rupees in '000)	Quarter Ended September 30, 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	65,478	62,031
<b>Adjustments:</b>		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	930	1,710
Element of income and capital gains included in prices of units issued less those in units redeemed	-	(1,015)
	<u>66,408</u>	<u>62,726</u>
<b>(Increase) / decrease in assets</b>		
Investments	(1,313)	(4,124,547)
Profit receivable	(1,541)	(717)
Advance, prepayment and other receivable	86	(6,546)
	<u>(2,768)</u>	<u>(4,131,810)</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to NBP Fullerton Asset Management Limited - Management Company	1,124	(3,155)
Payable to Central Depository Company of Pakistan Limited - Trustee	(20)	(14)
Payable to Securities and Exchange Commission of Pakistan	(3,000)	(3,432)
Accrued expenses and other liabilities	(15,100)	1,978,260
	<u>(16,996)</u>	<u>1,971,659</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>46,644</u>	<u>(2,097,425)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Amounts received against issuance of units	1,623,191	2,619,718
Payment against redemption of units	(942,589)	(1,802,330)
Distributions paid	(7,189)	(5,439)
<b>Net cash generated from financing activities</b>	<u>673,413</u>	<u>811,949</u>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<u>720,057</u>	<u>(1,285,476)</u>
Cash and cash equivalents at the beginning of the period	4,716,993	3,487,801
<b>Cash and cash equivalents at the end of the period</b>	<u><u>5,437,050</u></u>	<u><u>2,202,325</u></u>

The annexed notes 1 to 13 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 LIQUID FUND

## NOTES TO AND FORMING PART OF THIS CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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 the 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 the 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 Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund categorised as an Money Market Scheme as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS) 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 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 asset manager rating of 'AM1' to the Management Company and stability rating of 'AAA(f)' to the Fund.

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the 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 repealed Companies Ordinance, 1984, and the requirements of 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 requirement of the NBFC Rules, the NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations, and the said directives shall 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 Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

### 3 SUMMARY OF ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim 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 LIQUID FUND

	Note	Un-audited As at September 30, 2017	Audited As at June 30, 2017
(Rupees in '000)			
4 INVESTMENTS			
Financial assets 'at fair value through profit or loss' - held for trading			
Investment in government securities	4.1	<u>2,994,266</u>	<u>2,008,028</u>

## 4.1 Investment in government securities

Issue date	Tenor	Face value				Market value as at September 30, 2017	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2017	Purchases during the period	Sales / matured during the period	As at September 30, 2017			
-----Rupees in '000-----								
-----Rupees in '000-----								

### Market Treasury Bills

02 February 2017	6 Months	-	259,000	259,000	-	-	-	-
16 February 2017	6 Months	-	1,000,000	1,000,000	-	-	-	-
02 March 2017	6 Months	-	1,000,000	1,000,000	-	-	-	-
13 April 2017	3 Months	2,010,000	3,210,000	5,220,000	-	-	-	-
27 April 2017	3 Months	-	2,100,000	2,100,000	-	-	-	-
11 May 2017	3 Months	-	1,591,000	1,591,000	-	-	-	-
25 May 2017	3 Months	-	220,000	220,000	-	-	-	-
22 June 2017	3 Months	-	424,000	424,000	-	-	-	-
20 July 2017	3 Months	-	5,350,000	2,350,000	3,000,000	2,994,266	56.03	100.00
03 August 2017	3 Months	-	1,800,000	1,800,000	-	-	-	-
31 August 2017	3 Months	-	1,100,000	1,100,000	-	-	-	-
						<u>2,994,266</u>	<u>56.03</u>	<u>100.00</u>
Carrying value before fair value adjustment as at 30 September 2017						<u>2,995,196</u>		

	Un-audited As at September 30, 2017	Audited As at June 30, 2017
(Rupees in '000)		
5 ACCRUED EXPENSES AND OTHER LIABILITIES		
Provision for Sindh Workers' Welfare Fund	8,285	6,949
Federal Excise Duty on management remuneration	45,779	45,779
Auditors' remuneration	633	444
Brokers	239	241
Bank charges	23	36
Withholding tax	35,767	35,658
Capital gain tax	1,383	18,141
Legal charges	17	4
Others	596	570
	<u>92,722</u>	<u>107,822</u>

## 6 CONTINGENCIES AND COMMITMENTS

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

## 7 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.



# NAFA GOVERNMENT SECURITIES LIQUID FUND

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

## 8 PROVISION FOR SINDH WORKERS' WELFARE FUND (SWWF)

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 0.0160 per unit.

## 9 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% p.a. including 0.26% 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.

## 10 Earning 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 TRANSACTIONS WITH CONNECTED PERSONS

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.

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

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

The details of significant transactions and balances with connected persons at period are as follows:

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	Un-audited Quarter ended September 30, 2017	Un-audited Quarter ended September 30, 2016
	------(Rupees in '000)-----	
<b>11.1 Details of the transactions with connected persons are as follows:</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee expense for the period	6,653	6,078
Sindh Sales Tax for the period on management fee	865	790
Accounting and operational charges to the Management Company	1,279	1,173
<b>National Bank of Pakistan - Sponsor</b>		
Market Treasury Bills purchases during the period	-	1,294,958
Market Treasury Bills sold during the period	-	247,466
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee for the period	1,149	1,068
Sindh Sales Tax for the period on Trustee fee	149	139
<b>Chief Financial Officer</b>		
Units redeemed: Nil units (September 30, 2016: 36,402 units)	-	372
<b>Chief Operating Officer &amp; Company Secretary</b>		
Units Redemed: 9,800 units (September 30, 2016: 62,637 units)	100	640
<b>NBP Endowment Funds Students Loan Scheme</b>		
Units Redemed: 4,567,425 units (September 30, 2016: Nil units)	46,500	-
<b>NBP Leasing Limited Employees Provident Fund</b>		
Units Redemed: 484,014 units (September 30, 2016: Nil units)	4,936	-
<b>Mutual Fund Association of Pakistan - MUFAP</b>		
Units issued: Nil units (September 30, 2016: 588,766 units)	-	6,000
<b>NAFA Government Securities Saving Fund</b>		
Market Treasury Bills purchased during the period	-	29,800
<b>** Askari Bank Limited</b>		
Bank Profit for the year	25	-
	Un-audited As at September 30, 2017	Audited As at June 30, 2017
	------(Rupees in '000)-----	
<b>11.2 Amounts outstanding as at quarter end</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management remuneration payable	2,399	2,536
Sindh Sales Tax payable	312	330
Allocation of expenses related to registrar services, accounting, operation and valuation services	6,559	5,280
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	404	421
Sindh Sales Tax payable	52	55
<b>National Bank of Pakistan - Sponsor</b>		
Balance in current account	1,215	1,215
Balance in savings account	2,835	2,835

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	Un-audited As at September 30, 2017 ------(Rupees in '000)-----	Audited As at June 30, 2017
<b>Mr. Muhammad Murtaza Ali - Chief Operating Officer</b>		
Units held: 147,988 units (30 June 2017: 157,789 units)	1,523	1,603
<b>Employees of the Management Company</b>		
Units held: 2,066 units (30 June 2017: 2,066 units)	21	21
<b>NBP Employees Pension Fund</b>		
Units held: 19,115,655 units (30 June 2017: 19,115,655 units)	196,769	194,242
<b>NBP Endowment Funds Students Loan Scheme</b>		
Units held: 8,380,373 units (30 June 2017: 12,947,799 units)	86,264	131,568
<b>NBP Leasing Limited Employees Provident Fund</b>		
Units held: Nil units (30 June 2017: 484,014 units)	-	4,918
<b>Byco Petroleum Pakistan Limited - Employees' Provident Fund</b>		
Units held: 1,939,611 units (30 June 2017: 1,939,611 units)	19,966	19,709
<b>Mutual Fund association of Pakistan</b>		
Units held: 373,431 units (30 June 2017: 373,431 units)	3,844	3,795
<b>Summit Bank Limited</b>		
Balance in current account	10,526	10,434
<b>Askari Bank Limited</b>		
Balance in savings account	6,415	6,623
Bank profit receivable	3	20
<b>NAFA Stock Fund</b>		
Net receivable against conversion of units	-	56
<b>NAFA Islamic Stock Fund</b>		
Net receivable against conversion of units	-	65
<b>*K &amp; N's Foods Private Limited</b>		
Nil units held (30 June 2017: 48,997,236 units)	-	497,881
<b>Millat Tractors Ltd</b>		
54,151,083 units held (30 June 2017: 51,278,858 units)	557,410	521,065
<b>Pioneer Cement Limited</b>		
63,467,991 units held (30 June 2017: 63,467,991 units)	653,314	644,924

# NAFA GOVERNMENT SECURITIES LIQUID FUND

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

\*\* Comparative balances with these parties have not been disclosed as these parties were not related parties in the last term.

12 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.

13 GENERAL

13.1 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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