

**NAFA GOVERNMENT SECURITIES LIQUID FUND**  
**QUARTERLY REPORT**  
**FOR THE QUARTER ENDED**  
**SEPTEMBER 30, 2009**  
**(UN-AUDITED)**

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# NAFA GOVERNMENT SECURITIES LIQUID FUND

## DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Government Securities Liquid Fund for the quarter ended September 30, 2009.

### **Fund's Performance**

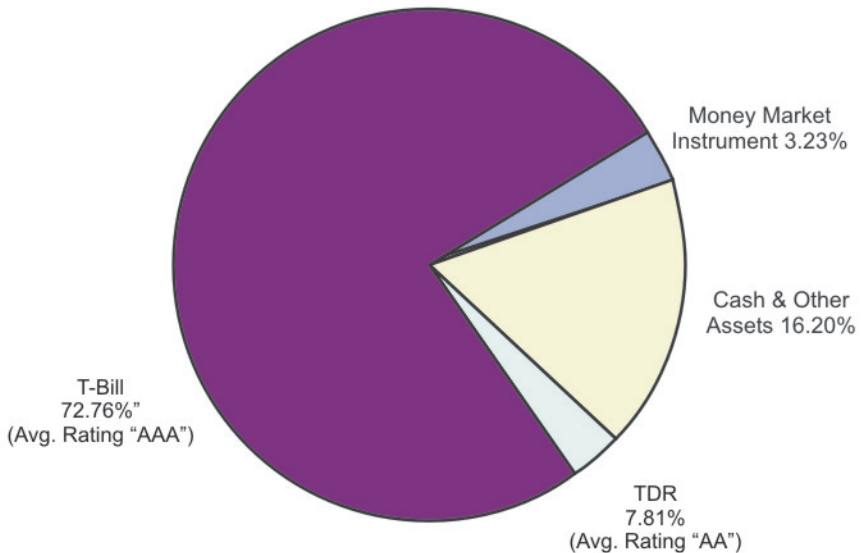
The size of NAFA Government Securities Liquid Fund has increased from Rs.1,415 million to Rs.2,946 million during the quarter, i.e. a growth of 108.20%. During the quarter, the unit price of NAFA Government Securities Liquid Fund has increased from Rs.10.0025 (Ex-Div) on June 30, 2009 to Rs.10.2515 on September 30, 2009, thus showing an annualized return of 10.25% as compared to its benchmark return (70% 3-Month T-Bills & 30% average 3-months deposit rate of 'AA' & above rated banks) of 11.41% for the same period.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a stability rating of AA+(f) to NAFA Government Securities Liquid Fund.

NAFA Government Securities Liquid Fund has earned total income of Rs.78.03 million during the period. After deducting expenses of Rs.9.42 million, the net income is Rs.68.61 million, translating into earning per unit of Rs.0.249.

The asset allocation of the Fund as on September 30, 2009 is as follows:

### **Asset Allocation as on September 30, 2009**



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Income Distribution

The Board of Directors of the Management Company has approved an interim distribution of 2.5010%. After interim distribution, the net asset value per unit will be Rs.10.0014 on September 30, 2009.

## 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  
National Fullerton Asset Management Limited

Chief Executive

Director

Date: October 28, 2009  
Place: Karachi.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2009 (Un-audited)

	Note	September 30, 2009	June 30, 2009
----- Rupees in '000 -----			
<b>Assets</b>			
Balances with banks		465,228	275,045
Investments		2,143,784	911,177
Loans and receivables	4	325,227	230,000
Profit receivable		14,258	4,455
Prepayments and other receivables	5	2,751	1,185
Preliminary expenses and floatation costs		4,582	4,832
<b>Total assets</b>		<b>2,955,830</b>	<b>1,426,694</b>
<b>Liabilities</b>			
Payable to National Fullerton Asset Management Limited - Management Company		8,048	6,893
Payable to Central Depository Company of Pakistan Limited - Trustee		216	144
Payable to Securities and Exchange Commission of Pakistan		388	114
Payable on redemption of units		634	3,964
Accrued expenses and other liabilities		257	347
<b>Total liabilities</b>	6	<b>9,543</b>	<b>11,462</b>
<b>Net Assets</b>		<b>2,946,287</b>	<b>1,415,232</b>
<b>Unit Holders' Funds (as per statement attached)</b>		<b>2,946,287</b>	<b>1,415,232</b>
<b>Commitments</b>	10	-	-
<b>Number of units</b>			
<b>Number of units in issue</b>		<b>287,400,489</b>	<b>139,534,290</b>
<b>Rupees</b>			
<b>Net asset value per unit</b>		<b>10.2515</b>	<b>10.1425</b>

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

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

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

	Note	Quarter Ended September 30, 2009 Rupees in '000
<b>INCOME</b>		
Income from treasury bills		43,991
Income from term deposit receipts		7,917
Income from money market placements		1,659
Profit on bank deposits		8,282
Unrealised loss on investments at fair value through profit or loss - net		(2,286)
<b>Total Income</b>		<b>59,563</b>
<b>EXPENSES</b>		
Remuneration of National Fullerton Asset Management Limited – Management Company		7,755
Remuneration of Central Depository Company of Pakistan Limited - Trustee		577
Annual fee - Securities and Exchange Commission of Pakistan		388
Securities transaction cost		155
Bank charges		117
Annual listing fee		5
Rating fee		50
Auditors' remuneration		105
Amortisation of preliminary expenses and floatation costs		250
Other charges		13
<b>Total Expenses</b>		<b>9,415</b>
<b>Net income from operating activities</b>		<b>50,148</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		18,465
<b>Net income for the period before taxation</b>		<b>68,613</b>
<b>Taxation</b>	9	-
<b>Net income for the period after taxation</b>		<b>68,613</b>
<b>Earnings per unit</b>	8	-

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

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

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

	Quarter Ended September 30, 2009 Rupees in '000
Undistributed income brought forward	19,889
Distribution: Bonus issue at the rate of 1.40% for the year ended June 30, 2009 (declared on July 3, 2009)	
- Bonus Units	(16,591)
-Cash Distribution	(2,941)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing income / (losses) that form part of the unit holders' fund	3,296
Net income for the period	68,613
Undistributed income carried forward	<u>72,266</u>
<b>Undistribution income comprising:</b>	
<b>Realised income</b>	26,281
<b>Unrealised income</b>	45,985
	<u>72,266</u>

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

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

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

	Quarter Ended September 30, 2009 Rupees in '000
Net assets at the beginning of the period	1,415,232
Issue of 193,534,567 units - including 1,657,567 bonus units	1,945,687
Redemption of 45,668,368 units	(461,839) 1,483,848
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	
-amount representing accrued (income) / losses and capital (gains) / losses transferred to Income Statement	(18,465)
-amount representing (income) / losses that form part of the unit holders' fund transferred to Distribution Statement	(3,296) (21,761)
Unrealised loss on investments at fair value through profit or loss - net	(2,286)
Other income (net of expenses)	70,899
Net income for the period	68,613
Distribution:	
Final Distribution for the year ended June 30, 2009: 1.40%	
- Bonus Units	(16,591)
-Cash Distribution	(2,941)
Add: Bonus distribution	16,591
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing income / (losses) that form part of the unit holders' fund	3,296
<b>Net assets at the end of the period</b>	<b>2,946,287</b>

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

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

Chief Executive

Director



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

	Quarter Ended September 30, 2009 Rupees in '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net income for the period	68,613
<b>Adjustments</b>	
Unrealised loss on investments at fair value through profit or loss - net	2,286
Amortisation of preliminary expenses and floatation costs	250
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(18,465)
	<u>52,684</u>
<b>(Increase) / Decrease in assets</b>	
Investments	(1,234,893)
Loans and receivables	(95,227)
Profit receivable	(9,803)
Prepayments and other receivables	(1,566)
	<u>(1,341,489)</u>
<b>Increase / (Decrease) in liabilities</b>	
Payable to National Fullerton Asset Management Limited - Management Company	1,155
Payable to Central Depository Company of Pakistan Limited - Trustee	72
Payable to Securities and Exchange Commission of Pakistan	274
Payable on redemption of units	(3,330)
Accrued expenses and other liabilities	(90)
	<u>(1,919)</u>
<b>Net cash outflow on operating activities</b>	<u>(1,290,724)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Receipts from issue of units	1,945,687
Payments on redemption of units	(461,839)
Distribution paid	(2,941)
<b>Net cash inflow from financing activities</b>	<u>1,480,907</u>
Net increase in cash and cash equivalents during the period	190,183
Opening balance of cash and cash equivalents	275,045
<b>Cash and cash equivalents as at September 30, 2009</b>	<u><u>465,228</u></u>

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

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

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Un-audited)

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Government Securities Liquid Fund (NGSLF) was established under a Trust Deed executed between National 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 April 10, 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

NGSLF is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering to the Fund. The units of the Fund were initially offered for public subscription at par from May 11, 2009 to May 15, 2009.

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 Limited (PACRA) has assigned an asset manager rating of AM2- to the Management Company. The PACRA has assigned stability rating of AA+(f) to the Fund.

### 2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by 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 Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standards 34, Interim Financial Reporting.

### 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2009 are same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2009.

### 4 INVESTMENTS

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

Government securities - Market Treasury Bills

Note	September 30, 2009 (Unaudited)	June 30, 2009 (Audited)
	----- Rupees in '000 -----	
4.1	<u>2,143,784</u>	<u>911,177</u>
	<u>2,143,784</u>	<u>911,177</u>

# NAFA GOVERNMENT SECURITIES LIQUID FUND

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

Issue date	Tenor	Face value				Balance as at September 30, 2009	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2009	Purchases during the period	Sales / matured during the period	As at September 30, 2009	Market Value		
<b>Treasury Bills</b>								
February 12, 2009	6 Month	475,000	-	475,000	-	-	-	-
January 29, 2009	6 Month	325,000	-	325,000	-	-	-	-
June 18, 2009	6 Month	25,000	75,000	-	100,000	97,431	3.31	4.54
February 26, 2009	6 Month	100,000	150,000	250,000	-	-	-	-
January 15, 2009	6 Month	-	75,000	75,000	-	-	-	-
March 26, 2009	6 Month	-	425,000	425,000	-	-	-	-
October 23, 2008	12 Month	-	25,000	-	25,000	24,815	0.84	1.16
January 15, 2009	12 Month	-	150,000	-	150,000	144,802	4.91	6.75
January 29, 2009	12 Month	-	100,000	-	100,000	96,089	3.26	4.48
April 09, 2009	6 Month	-	100,000	-	100,000	99,728	3.38	4.65
April 23, 2009	6 Month	-	250,000	-	250,000	248,150	8.42	11.58
May 07, 2009	6 Month	-	525,000	-	525,000	518,677	17.60	24.19
June 04, 2009	6 Month	-	100,000	-	100,000	97,880	3.32	4.57
July 16, 2009	6 Month	-	125,000	-	125,000	120,669	4.10	5.63
September 10, 2009	3 Month	-	300,000	-	300,000	293,641	9.97	13.70
September 26, 2009	3 Month	-	412,500	-	412,500	401,902	13.64	18.75
						<u>2,143,784</u>		
						<u>2,146,070</u>		
Carrying cost of the investment as of September 30, 2009						<u>2,146,070</u>		

	September 30, 2009	June 30, 2009
	----- Rupees in '000 -----	
<b>5 PROFIT RECEIVABLE</b>		
Profit on savings deposits	3,022	1,551
Profit on money market placements	415	-
Profit on term deposit receipts	<u>10,821</u>	<u>2,904</u>
	<u>14,258</u>	<u>4,455</u>
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	95	185
Payable to brokers	74	68
Bank charges payable	-	8
Others	<u>88</u>	<u>86</u>
	<u>257</u>	<u>347</u>
<b>7 TRANSACTIONS WITH CONNECTED PERSONS</b>		

Connected persons include National Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being Trustee, National Bank of Pakistan, NIB Bank Limited and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

# NAFA GOVERNMENT SECURITIES LIQUID FUND

Quarter Ended  
September  
30,2009  
Rupees in '000

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

**National Fullerton Asset Management Limited - Management Company**

Management fee expense for the period	7,755
Units Issued (883,254 units)	9,000
Units Redeemed (883,254 units)	9,017

**Central Depository Company of Pakistan Limited - Trustee**  
Remuneration

577

**National Bank of Pakistan - Sponsor**

Cash dividend	420
T-bills purchased during the period	221,258

**NIB Bank Limited - Sponsor**

Profit on bank deposit	23
Cash dividend	420
T-bills purchased during the period	998,001

**Alexandra Fund Management Pte. Limited - Sponsor**

Bonus units issued (55,986 units)	560
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**Chief Financial Officer**

Bonus units issued (415 units)	4
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**Employees of the Management Company**

Bonus units issued (4,582 units)	46
Units Issued / Trasferred In (1,386,477 units)	14,097
Units Redeemed / Transferred Out (1,125,574 units)	11,450

As at  
September  
30,2009  
As at  
June  
30,2009  
----- Rupees in '000 -----

7.2 Amounts outstanding as at period end

**National Fullerton Asset Management Limited - Management Company**

Management fee payable		
Others	3,091	1,651
	4,957	5,242

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable	216	144
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**National Bank of Pakistan - Sponsor**

Investment held by the Sponsor in the Fund (3,000,000 units; June 30, 2009: 3,000,000 units)		
Balance in current account	30,755	30,428
	553	341

**NIB Bank Limited - Sponsor**

Investment held by the Sponsor in the Fund (3,000,000 units; June 30, 2009: 3,000,000 units)		
Balance in saving account	30,755	30,428
	971	303

**Alexandra Fund Management Pte. Limited - Sponsor**

Investment held by the Sponsor in the Fund (4,055,986 units; June 30, 2009: 4,000,000 units)		
	41,580	40,570

**Chief Financial Officer**

Investment held by the Chief Financial Officer in the Fund (30,054 units; June 30, 2009: 1,487 units)	308	15
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**Employees of the Management Company**

Investment held by the executives in the Fund (592,847 units; June 30, 2009: 345,448 units)	6,078	3,504
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## 8 EARNINGS PER UNITS

Earning per unit (EPU) for the three months ended September 30, 2009 has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

## 9 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 10 COMMITMENTS

There were no commitments as on September 30, 2009.

## 11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 28 October 2009.

## 12 GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees

12.2 Since the Fund commenced its operation on May 18, 2009 the comparative figures for corresponding quarter of last year are not available in respect of income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement.

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

Chief Executive

Director

