



NBP FUNDS

Managing Your Savings

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Rated by PACRA

NAFA GOVERNMENT SECURITIES LIQUID FUND

HALF YEARLY

REPORT

DECEMBER

31, 2018



MISSION STATEMENT

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

NAFA GOVERNMENT SECURITIES LIQUID FUND

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NAFA GOVERNMENT SECURITIES LIQUID FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Shaikh Muhammad Abdul Wahid Sethi	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nasir Husain	Director
Mr. Abdul Hadi Palekar	Director
Mr. Ali Saigol	Director
Mr. Imran Zaffar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

Company Secretary & COO

Mr. Muhammad Murataz Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Humayun Bashir	Member
Mr. Nasir Husain	Member
Mr. Imran Zaffar	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Nasir Husain	Member
Mr. Humayun Bashir	Member
Mr. Ali Saigol	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Shehryar Faruque	Member
Mr. Abdul Hadi Palekar	Member
Mr. Ali Saigol	Member

Trustee

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

Bankers to the Fund

MCB Bank Limited
Summit Bank Limited
JS Bank Limited
Meezan Bank Limited
Habib Bank Limited
United Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
Sindh Bank Limited
National Bank of Pakistan
Samba Bank Limited
Zarai Taraqiati Bank Limited
MCB Islamic Bank Limited
Faysal Bank Limited
Soreni 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

Akhund Forbes
D-21, Block 4, Scheme 5,
Clifton, Karachi 75600, 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,
Fax: (021) 35825329
Website: www.nbpfunds.com

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town, Lahore.
UAN: 042-111-111-632
Fax: 92-42-35861095

Islamabad Office:

1st Floor, Ranjha Arcade
Main Double Road, Gulberg Greens,
Islamabad.
UAN: 051-111-111-632
Fax: 051-4859031

Peshawar Office:

Opposite Gul Haji Plaza, 2nd Floor
National Bank Building
University Road Peshawar,
UAN: 091-111 111 632
Fax: 091-5703202

Multan Office:

NBP City Branch, Hussain-e-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA GOVERNMENT SECURITIES LIQUID FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fund Management Limited is pleased to present the reviewed financial statements of NAFA Government Securities Liquid Fund (NGSLF) for the half year ended December 31, 2018.

Fund's Performance

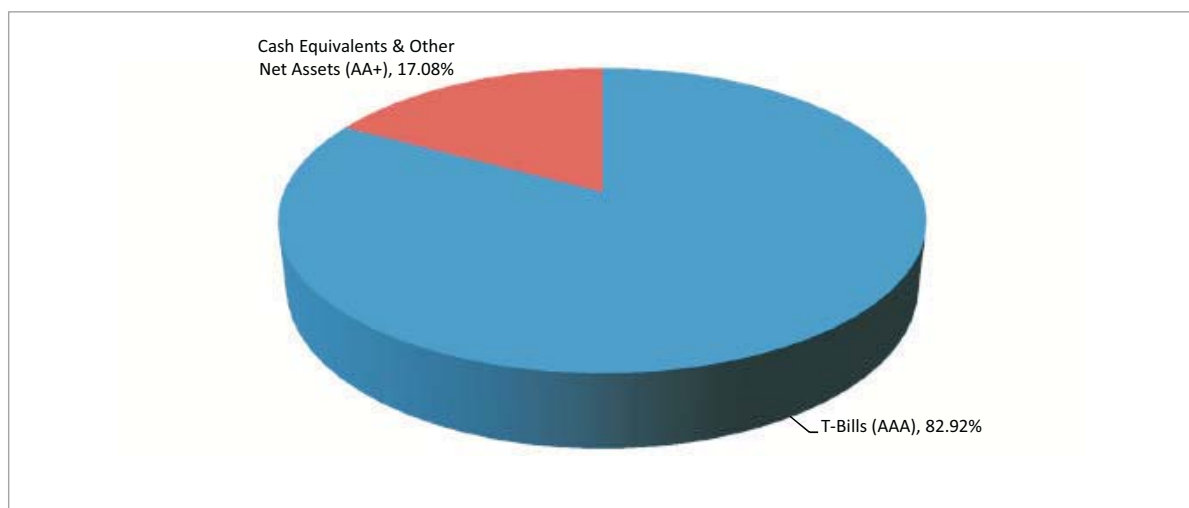
The size of NAFA Government Securities Liquid Fund has decreased from Rs. 5,791 million to Rs. 2,596 million during the period, a decline of 55%. The unit price of the Fund has increased from Rs. 9.8328 (Ex-Div) on June 30, 2018 to Rs. 10.1906 on December 31, 2018, thus posting a return of 7.22% as compared to the benchmark return of 7.36% 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. Due to 70% minimum investment in Government securities (T-Bills) with average maturity of the overall portfolio at 45 days, exposure of the Fund to credit, liquidity and interest rate risk is exceptionally low. The Fund invests in AA and above rated Banks/DFIs with maximum maturity of six months.

During the period under review, the State Bank of Pakistan (SBP) increased the Discount Rate by a cumulative 350 basis points to 10.5%, citing concerns over the external account imbalances along with an abysmally low level of FX reserves and upside risk to inflation. Inflation witnessed an increase from 5.2% in June 2018 to 6.2% in December 2018. This was due to rising financing cost, unabated fiscal borrowing by the government, volatility in international oil prices, significant currency devaluation, and impact of upward adjustment in the gas prices and levying of import tariffs.

SBP held thirteen T-Bill auctions during 1HFY2019 with a combined target of Rs. 10,050 billion against the maturity of Rs. 10,062 billion wherein an amount of Rs. 9,083 billion was realized for 3-month tenor and just Rs. 0.84 billion for 6-month tenor. In the last auction, cut-off yields for 3-month and 6-month tenors stood at 10.30% and 10.35%, respectively.

The Fund has earned total income of Rs. 195.885 million during the period. After deducting expenses of Rs. 28.493 million, the net income is Rs. 167.392 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NGSLF.



NAFA GOVERNMENT SECURITIES LIQUID FUND

DIRECTORS' REPORT

Income Distribution

During the period the Board of Directors of the Management Company has approved cash dividend of 3.35% of the opening ex - NAV (3.40% of the par value)

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 Fund Management Limited

Chief Executive

Director

Date: February 25, 2019
Place: Karachi.

ڈائریکٹرز کی رپورٹ

NBP فنڈ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے NAFA گورنمنٹ سیکورٹیز لیکویڈ فنڈ (NGSLF) کے نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

فنڈ کی کارکردگی

موجودہ مدت کے دوران NAFA گورنمنٹ سیکورٹیز لیکویڈ فنڈ کا سائز 5,791 ملین روپے سے کم ہو کر 2,596 ملین روپے ہو گیا یعنی %55 کی کمی ہوئی۔ زیر جائزہ مدت کے دوران، فنڈ کے یونٹ کی قیمت 30 جون 2018 کو 9.8328 روپے (EX-DIV) سے بڑھ کر 31 دسمبر 2018 کو 10.1906 روپے ہو گئی، لہذا اس مدت کے دوران فنڈ نے اپنے بیچ مارک %7.36 کے مقابلے میں %7.22 کا منافع درج کیا۔ فنڈ کی یہ کارکردگی مینجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NGSLF کو PACRA کی طرف سے دی گئی سٹیبلٹی ریٹنگ 'AAA(f)' ہے۔ یہ ریٹنگ فنڈ کے غیر معمولی مستحکم کریڈیٹ اور لیکویڈیٹی پر وفائل کی عکاسی کرتی ہے۔ T-Bills اس فنڈ کی بڑی ایسیٹ کلاس ہے۔ مجموعی پورٹ فولیو کی 45 دن کی اوسط مچھوڑی کے ساتھ گورنمنٹ سیکورٹیز (T-Bills) میں کم از کم %70 سرمایہ کاری کے ساتھ فنڈ کے کریڈیٹ، 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 مچھوڑی کے ساتھ AA یا زائد ریٹنگ والے لیبیلوں/DFIs میں انویسٹ کرنے کی اجازت ہے۔

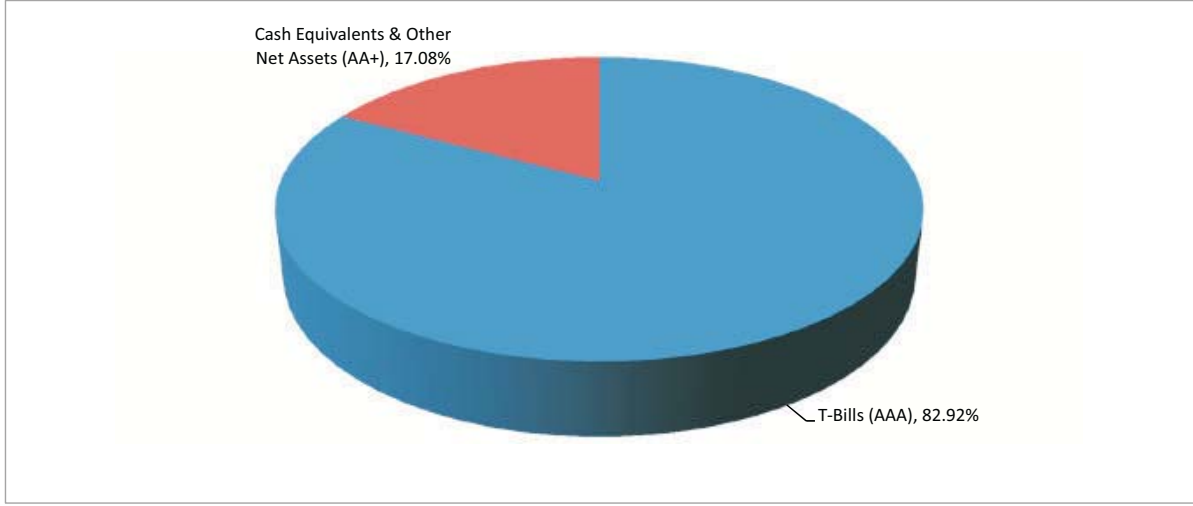
زیر جائزہ مدت کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے مجموعی طور پر پالیسی کی شرح 350bps کے اضافے کے ساتھ %10.50 کر دی۔ جو کہ بیرونی اکاؤنٹ کے عدم توازن، زرمبادلہ کے ذخائر کی غیر معمولی کم سطح اور افراط زر میں اضافہ کے خدشات ظاہر کر رہی ہے۔ افراط زر کی شرح جون 2018 میں %5.2 تھی جو دسمبر 2018 میں %6.2 تک بڑھ گئی، اس کی وجہ قرضہ جات کے اخراجات میں اضافہ، حکومت کی طرف سے غیر فعال مالی قرضے، بین الاقوامی تیل کی قیمتوں میں عدم استحکام، کرنسی کی قدر میں نمایاں کمی، اور گیس کی قیمتوں اور درآمدی ٹیرف کی مصلحت میں اضافہ رہا۔

SBP نے 2019 کی پہلی ششماہی کے دوران 10,062 ملین روپے کی مچھوڑی کے عوض 10,050 ملین روپے کے مجموعی T-Bills کی تیرہ نیلامی منعقد کیں، جس میں 3 ماہ کی مدت کے لئے 9,083 ملین روپے اور 6 ماہ مدت کے لئے صرف 0.84 ملین روپے کی وصولی کی گئی۔ دوران مدت کی آخری نیلامی میں 3 ماہ اور 6 ماہ کی مدت کے لئے کٹ آف 10.30 Yeild اور 10.35 فیصد رہی۔

فنڈ نے موجودہ مدت کے دوران 195.885 ملین روپے کی مجموعی آمدنی کمائی۔ 28.493 ملین روپے کے کل اخراجات منہا کرنے کے بعد خالص آمدنی 167.392 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۔

NAFA GOVERNMENT SECURITIES LIQUID FUND



آمدنی کی تقسیم

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے اس مدت کے دوران اوپننگ EX-NAV کا 3.35% (Par Value کا 3.40%) عبوری کیش ڈیویڈنڈ منظور کیا ہے۔

اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے مینجمنٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر پونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی سرپرستی اور رہنمائی کیلئے ان کے مخلص رویہ کا بھی اعتراف کرتا ہے۔

بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ مینجمنٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ: 25 فروری 2019

مقام: کراچی

NAFA GOVERNMENT SECURITIES LIQUID FUND

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 Fund Management Limited being the Management Company of the Fund has in all material respects managed the Fund for the period ended December 31, 2018 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.

Badiuddin Akber

Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 25, 2019

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 December 31, 2018, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the half year ended December 31, 2018 (here-in-after referred to as the 'condensed interim financial information'). NBP Fund Management Limited (the Management Company) is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 condensed 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.

Deloitte Yousuf Adil

Chartered Accountants
Engagement Partner
Hena Sadiq

Date: February 25, 2019
Place: Karachi

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2018

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
Note	-----Rupees in '000-----	
ASSETS		
Bank balances	4 2,680,518	5,847,133
Investments	5 2,152,708	4,085,686
Mark-up accrued	4,725	5,969
Advances and prepayments	9,989	9,978
Receivable against transfer of units	-	453
Total assets	4,847,940	9,949,219
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	6 4,868	5,275
Payable to Central Depository Company of Pakistan Limited - Trustee	7 309	464
Payable to the Securities and Exchange Commission of Pakistan	1,804	3,744
Payable against purchase of Investments	2,152,682	4,088,135
Payable against redemption of units	17	26
Accrued expenses and other liabilities	8 92,142	60,963
Total liabilities	2,251,822	4,158,607
NET ASSETS	2,596,118	5,790,612
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	2,596,118	5,790,612
Contingencies and commitments	9	
	-----Number of units-----	
Number of units in issue	254,754,919	541,249,141
	-----Rupees-----	
Net asset value per unit	10.1906	10.6986

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Note ----- Rupees in '000 -----			
INCOME				
Income from government securities	152,340	109,049	67,577	48,956
Profit on bank deposits	19,699	40,012	7,373	21,310
Income from term deposit receipts	-	8,929	-	8,644
Income from certificates of investment	-	285	-	285
Income from letter of placements	25,681	-	15,495	-
Net (loss) / gain on sale of investments	(1,861)	77	(1,701)	(50)
Net unrealised gain / (loss) on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	5.2 26	(695)	1,123	235
Total income	195,885	157,657	89,867	79,380
EXPENSES				
Remuneration of NBP Fund Management Limited - Management Company	15,555	13,395	7,213	6,742
Sindh Sales Tax on remuneration of the Management Company	2,022	1,741	938	876
Reimbursement of operational expenses to the Management Company	2,405	2,570	1,020	1,291
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,182	2,305	954	1,156
Sindh Sales Tax on remuneration of the Trustee	284	300	124	151
Annual fee to the Securities and Exchange Commission of Pakistan	1,804	1,927	765	967
Auditors' remuneration	413	366	217	177
Securities transaction costs	7	25	-	13
Bank charges	137	110	75	54
Listing fee	16	14	9	-
Mutual fund rating fee	242	199	132	100
Legal and professional charges	10	26	2	1
Printing charges	-	24	-	11
Total expenses	25,077	23,002	11,449	11,539
Net income from operating activities	170,808	134,655	78,418	67,841
Provision for Sindh Workers' Welfare Fund	(3,416)	(2,693)	(1,568)	(1,357)
Net income for the period before taxation	167,392	131,962	76,850	66,484
Taxation	10 -	-	-	-
Net income for the period after taxation	167,392	131,962	76,850	66,484
Allocation of net income for the period				
Net income for the period after taxation	167,392	131,962	76,850	66,484
Income already paid on redemption of units	(84,477)	(38,865)	(70,290)	(34,019)
	82,915	93,097	6,560	32,465
Accounting income available for distribution:				
- Relating to capital gain	-	-	-	-
- Excluding capital gain	82,915	93,097	6,560	32,465
	82,915	93,097	6,560	32,465

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- Rupees in '000 -----			
Net income for the period after taxation	167,392	131,962	76,850	66,484
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	167,392	131,962	76,850	66,484

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended December 31,					
	2018			2017		
	(Rupees in '000)					
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at beginning of the period	5,514,312	276,300	5,790,612	4,504,670	93,559	4,598,229
Issue 269,240,056 units (2017: 207,904,157 units)						
- Capital value (at net assets value per unit at the beginning of the period including capital distribution)	2,735,992	-	2,735,992	2,112,597	-	2,112,597
- Element of income	49,051	-	49,051	20,039	-	20,039
Total proceeds on issuance of units	2,785,043	-	2,785,043	2,132,636	-	2,132,636
Redemption of 555,734,278 units (2017: 264,685,971 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(5,647,135)	-	(5,647,135)	(2,689,580)	-	(2,689,580)
- Element of loss	(40,250)	(84,477)	(124,727)	(7,489)	(38,865)	(46,354)
Total payments on redemption of units	(5,687,385)	(84,477)	(5,771,862)	(2,697,069)	(38,865)	(2,735,934)
Total comprehensive income for the period	-	167,392	167,392	-	131,962	131,962
Final distribution for the year ended June 30, 2018 @ Rs. 0.5367 declared on July 04, 2018 (2017: Nil)						
- Cash Distribution	-	(182,581)	(182,581)	-	-	-
- Refund of Capital	(107,908)	-	(107,908)	-	-	-
	(107,908)	(182,581)	(290,489)	-	-	-
Interim distribution @ Rs. 0.3401 declared on December 21, 2018 (2017: Nil)						
- Cash Distribution	-	(75,736)	(75,736)	-	-	-
- Refund of Capital	(8,842)	-	(8,842)	-	-	-
	(8,842)	(75,736)	(84,578)	-	-	-
Net assets at end of the period	2,495,220	100,898	2,596,118	3,940,237	186,656	4,126,893
Undistributed income brought forward						
- Realised		278,749			94,876	
- Unrealised		(2,449)			(1,317)	
		276,300			93,559	
Accounting income available for distribution						
- Relating to capital loss		-			-	
- Excluding capital gain		82,915			93,097	
		82,915			93,097	
Final distribution @ Rs. 0.5367 declared on July 04, 2018		(182,581)			-	
Interim distribution @ Rs. 0.3401 declared on December 21, 2018		(75,736)			-	
Undistributed income carried forward		100,898			186,656	
Undistributed income carried forward						
- Realised		100,872			187,351	
- Unrealised		26			(695)	
		100,898			186,656	
				(Rupees)		
Net assets value per unit at beginning of the period			10.6986			10.1614
Net assets value per unit at end of the period			10.1906			10.4283

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended	
	December 31, 2018	December 31, 2017
Note	----- Rupees in '000 -----	
Cash flows from operating activities		
Net income for the period before taxation	167,392	131,962
Adjustments		
Profit on bank deposits	(19,699)	(40,012)
Income from letter of placements	(25,681)	(9,214)
Net unrealised (gain) / loss on re-measurement of investment classified as 'financial assets at fair value through profit or loss'	(26)	695
	121,986	83,431
Decrease / (increase) in assets		
Investments - net	1,933,004	(1,550,588)
Advances, deposits and other receivables	(11)	186
	1,932,993	(1,550,402)
(Decrease) / increase in liabilities		
Payable to the Management Company	(407)	(3,060)
Payable to Central Depository Company of Pakistan Limited - Trustee	(155)	(50)
Payable to the Securities and Exchange Commission of Pakistan	(1,940)	(2,033)
Payable against purchase of investment	(1,935,453)	(1,009,674)
Accrued expenses and other liabilities	31,179	(47,275)
	(1,906,776)	(1,062,092)
	148,203	(2,529,063)
Profit received on bank deposits	20,943	35,606
Income received from letter of placements	25,681	8,655
	46,624	44,261
Net cash generated from / (used in) operating activities	194,827	(2,484,802)
Cash flows from financing activities		
Amount received on issue of units	2,668,746	2,125,568
Payment against redemption of units	(5,771,871)	(2,736,413)
Distribution paid	(258,317)	-
Net cash used in financing activities	(3,361,442)	(610,845)
Net decrease in cash and cash equivalents during the period	(3,166,615)	(3,095,647)
Cash and cash equivalents at beginning of the period	5,847,133	4,716,993
Cash and cash equivalents at end of the period	4 2,680,518	1,621,346

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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 Fund Management Limited 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 Mutual Fund Association of Pakistan (MUFAP).
- 1.3 The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange (PSX). 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 (SECP) 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 'AM1' 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

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

NAFA GOVERNMENT SECURITIES LIQUID FUND

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2018.

2.1.3 In compliance with Schedule V of the NBFC regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of Measurement

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

2.3 Functional and presentation currency

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

2.4 Estimates and judgements

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

The significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

2.5 Financial risk management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

The principal accounting policies applied in the preparation of this condensed interim financial information as set out below:

3.1 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the year ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.5.

NAFA GOVERNMENT SECURITIES LIQUID FUND

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but other than IFRS 9, disclosed in note 3.6 are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in this condensed interim financial information.

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund's financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2018.

3.6 Impact of initial application of IFRS 9 Financial Instruments

In current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the half year ended December 31, 2018.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's condensed interim financial information are described below except the General Hedge Accounting which does not apply on the Fund. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;

NAFA GOVERNMENT SECURITIES LIQUID FUND

the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;
- financial assets classified as held to maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

NAFA GOVERNMENT SECURITIES LIQUID FUND

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Fund had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Fund has elected to designate as at FVTPL at the date of initial application of IFRS 9.

There has been no reclassification in financial assets as a result of transition to IFRS 9

	Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
-----Rupees in '000-----			
4. BANK BALANCES			
Current accounts	4.1	5,080	9,411
Savings accounts	4.2 & 4.3	2,675,438	5,837,722
		<u>2,680,518</u>	<u>5,847,133</u>

4.1 These include bank balances of Rs. 0.026 million and Rs. 5.054 million (June 30, 2018: Rs. 1.13 million and Rs. 8.28 million), maintained with National Bank of Pakistan and Summit Bank Limited (related parties) respectively.

4.2 These accounts carry rates of return ranging from 3.00% to 10.90% (June 30, 2018: 2.75% to 7.50%) per annum.

4.3 These include bank balances of Rs. 4.69 million and Rs. 0.127 million (June 30, 2018: Rs. 5.89 million and Rs. 0.50 million), which are maintained with National Bank of Pakistan and Askari Bank Limited (related parties) respectively.

	Note	December 31, 2018	June 30, 2018
-----Rupees in '000-----			
5 INVESTMENTS			
Financial assets at fair value through profit or loss			
Government securities - Market Treasury Bills	5.1	2,152,708	4,085,686
		<u>2,152,708</u>	<u>4,085,686</u>

5.1 Investment in government securities - Market Treasury bills

Issue Date	Tenor	Face value				Market value as at December 31, 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2018	Purchases during the period	Sales / matured during the period	As at December 31, 2018			
-----Rupees in '000-----								
April 26, 2018	3 months	4,100,000	1,200,000	5,300,000	-	-	-	-
June 7, 2018	3 months	-	200,000	200,000	-	-	-	-
July 19, 2018	3 months	-	5,095,000	5,095,000	-	-	-	-
August 2, 2018	3 months	-	255,000	255,000	-	-	-	-
October 11, 2018	3 months	-	5,880,400	5,880,400	-	-	-	-
December 6, 2018	3 months	-	2,187,300	-	2,187,300	2,152,708	82.92	100.00
		<u>4,100,000</u>	<u>14,817,700</u>	<u>16,730,400</u>	<u>2,187,300</u>	<u>2,152,708</u>		
Carrying value before mark to market as at December 31, 2018						<u>2,152,682</u>		

NAFA GOVERNMENT SECURITIES LIQUID FUND

5.1.1 These carry a rate of return of 10.30% (June 30, 2018: 6.62%) per annum.

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Note	-----Rupees in '000-----	
5.2 Net unrealised gain / (loss) on re-measurement of investment classified as 'financial assets at fair value through profit or loss'			
Market value of investments	5.1	2,152,708	4,085,686
Less: carrying value of investments before mark to market	5.1	(2,152,682)	(4,088,135)
		<u>26</u>	<u>(2,449)</u>
6. PAYABLE TO NBP FUND MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company		2,180	2,525
Sindh Sales Tax on remuneration of the Management Company		283	328
Operational expenses		2,405	2,422
		<u>4,868</u>	<u>5,275</u>
7. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee		273	411
Sindh Sales Tax on remuneration of the Trustee		36	53
		<u>309</u>	<u>464</u>
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	15,613	12,197
Federal Excise Duty on management remuneration	8.2	45,779	45,779
Auditors' remuneration		405	529
Brokerage		169	239
Bank charges		2	36
Withholding tax		11,745	269
Capital gain tax		17,886	1,135
Legal charges		19	30
Others		524	749
		<u>92,142</u>	<u>60,963</u>

8.1 The legal status of applicability of Worker's Welfare Fund (WWF) and Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 10.1 to the annual audited financial statements of the Fund for the year ended June 30, 2018.

NAFA GOVERNMENT SECURITIES LIQUID FUND

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 15.613 million for the half year ended December 31, 2018 in this condensed interim financial information, Had the provision not been made, net assets value per unit at December 31, 2018 would have been higher by Rs. 0.0613 per unit (June 30, 2018: Rs. 0.0225 per unit).

- 8.2** The legal status of applicability of Federal Excise Duty (FED) on the Fund is same as disclosed in note 10.2 to the annual audited financial statements of the Fund for the year ended June 30, 2018, and the appeal, filed by tax authorities against the order in the Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2016 aggregating to Rs. 45.779 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2018 would have been higher by Rs. 0.1797 per unit (June 30, 2018: 0.0846 per unit).

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2018 and June 30, 2018.

10. 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% of the Fund's accounting income for the year ending June 30, 2019 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

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

11. TOTAL EXPENSE RATIO

Total Expense Ratio (all the expenses incurred during the period divided by average net assets value for the period) is 1.19% per annum including 0.32% representing government levies on collective investment scheme such as sales tax, worker's welfare fund and Securities and Exchange Commission of Pakistan fee for the period.

12. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

- 12.1** Connected persons include NBP Fund Management Limited being the Management Company (NBP Funds), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Baltoro Growth Fund 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.
- 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 of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 12.4** 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

	----- (Un-audited) -----	
	Half year ended	
	December 31, 2018	December 31, 2017
	----- Rupees in '000 -----	
12.5 Transactions during the period		
NBP Fund Management Limited (Management Company)		
Remuneration of the Management Company	15,555	13,395
Sindh Sales Tax on remuneration of the Management Company	2,022	1,741
Reimbursement of operational expenses to the Management Company	2,405	2,570
National Bank of Pakistan (Parent of the Management Company)		
Market Treasury Bills purchases during the period	-	4,659,069
Market Treasury Bills sold during the period	-	2,241,560
Bank profit earned in saving account	215	243
Central Depository Company of Pakistan Limited (Trustee)		
Trustee fee for the period	2,182	2,305
Sindh Sales Tax for the period on Trustee fee	284	300
Askari Bank Limited (Common Directorship with the Management Company)		
Bank profit earned in saving account	-	100
Muhammad Murtaza Ali (Company Secretary of the Management Company)		
Dividend reinvested 949 units (2017: Nil)	10	-
Units issued / transferred in 187,757 units (2017: Nil)	1,867	-
Units redeemed / transferred out 315,519 units (2017: 9,800 units)	3,257	100
Employees of the Management Company		
Dividend reinvested 3,657 units (2017: Nil)	37	-
Units issued / transferred in 397,090 units (2017: 46,333 units)	4,049	481
Units redeemed / transferred out 212,607 units (2017: 119 units)	2,210	1
NBP Employees Pension Fund		
Dividend reinvested 1,321,203 units (2017: Nil)	13,434	-
Units issued / transferred in 640 units (2017: Nil)	-	-
Mutual Fund Association of Pakistan - MUFAP		
Dividend reinvested 7,008 units (2017: Nil)	71	-
Units issued / transferred in 58 units (2017: 2,495 units)	-	26

NAFA GOVERNMENT SECURITIES LIQUID FUND

	----- (Un-audited) -----	
	Half year ended	
	December 31, 2018	December 31, 2017
	----- Rupees in '000 -----	
Byco Petroleum Pakistan Limited - Employee Provident Fund		
(Portfolio managed by the Management Company)		
Units redeemed / transferred out Nil (2017: 1,939,611)	-	20,013
NAFA Income Opportunity Fund		
Market Treasury Bills purchased during the period	199,407	-
NAFA Savings Plus Fund		
Market Treasury Bills purchased during the period	24,926	-
NAFA Income Fund		
Market Treasury Bills purchased during the period	29,911	-
Engro Fertilizer Limited NMPT Employees Provident Fund		
Market Treasury Bills sold during the period	3,294	-
Millat Tractor Limited Employees Pension Fund		
Market Treasury Bills sold during the period	4,779	-
NBP Leasing Limited Employees Provident Fund		
Units redeemed / transferred out Nil (2017: 484,014 units)	-	4,936
Management Association of Pakistan		
Units redeemed / transferred out 5 units (2017: Nil)	-	-
NBP Endowment Fund Students Loan Scheme		
Dividend reinvested 277,378 units (2017: Nil)	2,821	-
Units issued / transferred in 162 units (2017: Nil)	-	-
Units redeemed / transferred out 1,627,389 units (2017: 4,567,425 units)	16,700	46,500
National Fullerton Asset Management Limited - Employees Provident Fund		
Units issued / transferred in 3,288 units (2017: Nil)	4	-
Units redeemed / transferred out 68,103 units (2017: Nil)	707	-
Faruque Private Limited		
Dividend reinvested 100 units (2017: Nil)	1	-
Units issued / transferred in 33 units (2017: 1,714 units)	-	18

NAFA GOVERNMENT SECURITIES LIQUID FUND

	----- (Un-audited) ----- Half year ended	
	December 31, 2018	December 31, 2017
	----- Rupees in '000 -----	
*Millat Tractors Limited		
(Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in Nil (2017: 7,676 units)	-	80
Pakistan Petroleum Limited		
(Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in Nil (2017: 44,937,038 units)	-	468,617
**K & N's Foods Private Limited		
(Unit holder of 10% or more of units of the CIS)		
Dividend reinvested 3,859,106 units (2017: Nil)	39,219	-
**Pakistan Mobile Communication Limited		
(Unit holder of 10% or more of units of the CIS)		
Units issued / transferred in 79,291,590 units (2017: Nil)	784,820	-
Units redeemed / transferred out 118,227,206 units (2017: Nil)	1,230,880	-

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

** Prior period transactions with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	----- Rupees in '000 -----	
12.6 Amounts outstanding as at period / year end are as follows:		
NBP Fund Management Limited (Management Company)		
Remuneration of the Management Company	2,180	2,525
Sindh Sales Tax on remuneration of the Management Company	283	328
Operational expenses	2,405	2,422
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	273	411
Sindh Sales Tax on remuneration of the Trustee	36	53

NAFA GOVERNMENT SECURITIES LIQUID FUND

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	----- Rupees in '000 -----	
National Bank of Pakistan		
(Parent of the Management Company)		
Bank balance	4,713	7,020
Bank profit receivable	80	-
Chief Operating Officer & Company Secretary		
Investment held in the Fund: 1,993 units (June 30, 2018: 128,805 units)	20	1,378
Summit Bank Limited (Common Directorship with the Management Company)		
Bank balance	5,054	8,278
Askari Bank Limited (Common Directorship with the Management Company)		
Bank balance	127	498
Bank profit receivable	5	9
Employees of the Management Company		
Investment held in the Fund: 198,959 units (June 30, 2018: 10,767 units)	2,028	115
NAFA Provident Fund Trust - Provident Fund		
Investment held in the Fund: Nil (June 30, 2018: 64,815 units)	-	693
NBP Employees Pension Fund		
Investment held in the Fund: 20,437,499 units (June 30, 2018: 19,115,655)	208,270	204,511
NBP Endowment Fund Students Loan Scheme		
Investment held in the Fund: 3,497,967 units (June 30, 2018: 4,847,816 units)	35,646	51,865
Mutual Fund Association of Pakistan - MUFAP		
Investment held in the Fund: 101,634 units (June 30, 2018: 94,569 units)	1,036	1,012
Management Association of Pakistan		
Investment held in the Fund: Nil (June 30, 2018: 4 units)	-	-
Faruque Private Limited		
Investment held in the Fund: 1,847 units (June 30, 2018: 1,714 units)	19	18
K & N's Foods Private Limited		
(Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: 55,605,231 units (June 30, 2018: Nil)	566,651	-
*Millat Tractors Limited		
(Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: Nil (June 30, 2018: 54,158,759 units)	-	579,423
*Punjab Police Welfare Fund		
(Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: Nil (June 30, 2018: 75,444,908 units)	-	807,155
Pakistan Mobile Communication Limited		
(Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: 28,362,009 units (June 30, 2018: 67,297,625 units)	289,026	719,990

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

** Prior period balances with these parties have not been disclosed as they were not connected persons and related parties during prior periods.

13. 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.

Fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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

The following table presents the Fund's financial assets which are carried at fair value:

(Unaudited)				
-----As at December 31, 2018-----				
	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
Assets				
At fair value through profit or loss				
Investment				
- Market Treasury Bills	-	2,152,708	-	2,152,708
(Audited)				
-----As at June 30, 2018-----				
	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
Assets				
At fair value through profit or loss				
- held for trading				
Investment				
- Market Treasury Bills	-	4,085,686	-	4,085,686

There were no transfers between above levels during the period.

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 Fund has not disclosed the fair values for other 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.

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14. GENERAL

14.1 Figures have been rounded off the nearest thousand rupees.

14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

14.3 This condensed interim financial information are unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended December 31, 2018 in these condensed interim financial information, wherever appearing, have not been reviewed by the auditors.

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 25, 2019 by the Board of directors of the Management Company.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

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