



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together




Joint - Venture Partners

NAFA GOVERNMENT SECURITIES LIQUID FUND

QUARTERLY REPORT
MARCH 31
2014



MISSION STATEMENT



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

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NAFA GOVERNMENT SECURITIES LIQUID FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	Member

Human Resource Committee

Mr. Nausherwan Adil	Chairman
Mr. Wah Geok Sum	Member
Mr. Kamal Amir Chinoy	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
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
NIB Bank Limited
United Bank Limited
National Bank of Pakistan
Barclays Bank Plc Limited
Summit Bank Limited
Soneri Bank Limited

NAFA GOVERNMENT SECURITIES LIQUID FUND

Auditors

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

Legal Advisor

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

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111-NFA (111-111-632)
Helpline (Toll Free): 0800-20001
Fax: (021) 35825329

Lahore Office:

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

Islamabad Office:

Plot No. 395, 396
Industrial Area, 1-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

1st Floor, Haji Tehmas Centre,
Near KFC, Tehkal Payan
University Road, Peshawar.
Phone: 92-91-5711784, 5711782
Fax: 92-91-5211780

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 period ended March 31, 2014.

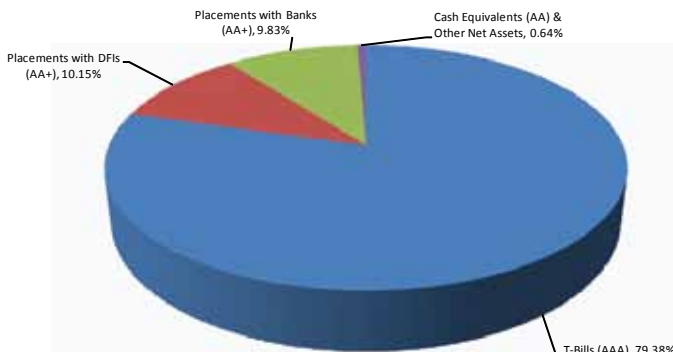
Fund's Performance

The size of NAFA Government Securities Liquid Fund increased from Rs. 12,402 million to Rs. 15,264 million during the period, i.e. an increase of 23.1%. During the nine month period, the unit price of the Fund increased from Rs. 9.4882 (Ex-Div) on June 30, 2013 to Rs. 10.0461 on March 31, 2014, thus showing an annualized return of 7.83% as compared to its Benchmark (70% 3-Month T-Bills & 30% average 3-Month deposit rate of 'AA' & above rated banks) annualized return of 8.43% for the same period. During the third quarter the Fund size increased by 2.29%. The unit price of the Fund increased from Rs. 9.8431 (Ex-Div) on December 31, 2013 to Rs. 10.0461 on March 31, 2014, thus showing an annualized return of 8.36% as compared to its Benchmark return of 9.17% for the same period. The performance of the Fund is net of management fee and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of the Fund. T-Bills are the major asset class of the Fund. Exposure of the Fund to credit, liquidity and interest rate risk is exceptionally low due to 70% minimum investment in Government securities (T-Bill) with average maturity of the overall portfolio at 45 days. The Fund invests in AA and above rated Bank/DFIs with maximum maturity of six months.

The State Bank of Pakistan increased the policy rate by 100bps to 10% during the period under review citing upside risks to the external account, depleting FX reserves, and rising inflation expectations. The return of the Fund is expected to improve in line with increase in the interest rates. The management is announcing monthly dividends since July 2011 and intends to continue this policy in future as well.

The Fund has earned total income of Rs.973.64 million during the period. After deducting expenses of Rs.178.91 million, the net income is Rs.794.73 million. The asset allocation of the Fund as on March 31, 2014 is as follows:



NAFA GOVERNMENT SECURITIES LIQUID FUND

Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 5.66% of opening ex-NAV (5.681% of the par value) during the period.

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: April 30, 2014
Place: Karachi.

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2014

	Note	(Un-Audited) March 31, 2014	(Audited) June 30, 2013
------(Rupees in '000)-----			
ASSETS			
Balances with banks		2,463,268	1,849,896
Investments	4	13,667,233	4,785,275
Profit receivable		20,686	16,870
Prepayments and other receivables		7,150	7,105
Receivable from a connected person		-	5,846,012
Preliminary expenses and floatation costs		122	867
Total assets		16,158,459	12,506,025
LIABILITIES			
Payable to the Management Company		31,374	8,433
Payable to the Trustee		977	482
Payable to Securities and Exchange Commission of Pakistan		7,798	9,628
Payable on redemption of units		4,524	10
Payable against purchase of investment		747,106	-
Accrued expenses and other liabilities		102,749	85,546
Total liabilities		894,528	104,099
NET ASSETS		15,263,931	12,401,926
Unit Holders' Funds (as per statement attached)		15,263,931	12,401,926
Contingencies and Commitments	6		
		(Number of Units)	
Number of units in issue		1,519,390,314	1,235,387,776
		----- Rupees -----	
Net asset value per unit		10.0461	10.0389

The annexed notes 1 to 12 form an integral part of this condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

Note	Nine month ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013

------(Rupees in '000)-----

INCOME

Capital gain / (loss) on sale of investments - net	648	13,640	572	(96)
Income from government securities	761,208	943,059	290,228	257,259
Income from term deposit receipts	80,641	45,197	26,845	24,675
Income from money market placements	62,568	53,779	32,139	8,878
Profit on bank deposits	75,812	37,075	28,104	11,813
Net unrealised (diminution) / appreciation in the value of investments classified as 'financial assets at fair value through profit or loss'	(7,240)	(4,399)	-	-
Total Income	973,637	1,088,351	379,426	298,469

EXPENSES

Remuneration of the Management Company	107,152	131,811	39,228	40,996
Sindh sales tax on remuneration of the Management Company	19,988	21,090	7,281	6,560
Federal Excise Duty on remuneration to Management	17,144	-	6,276	-
Remuneration of the Trustee	7,927	8,472	2,829	2,645
Annual fee - Securities and Exchange Commission of Pakistan	7,798	7,909	2,843	2,460
Securities transaction cost	747	988	193	219
Bank charges	486	564	90	96
Annual listing fee	30	30	10	10
Rating fee	188	182	66	72
Auditors' remuneration	398	357	93	85
Amortisation of preliminary expenses and floatation costs	744	744	244	244
Legal and professional charges	44	-	11	-
Other charges	47	15	27	-
Total Expenses	162,693	172,162	59,191	53,387

Net income from operating activities	810,944	916,189	320,235	245,082
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Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	-	-	-	-
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Provision for workers' welfare fund	5 (16,219)	(18,324)	(6,405)	(4,902)
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Net income for the period before taxation	794,725	897,865	313,830	240,180
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Taxation	7 -	-	-	-
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Net income for the period after taxation	794,725	897,865	313,830	240,180
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Earnings per unit	-	-	-	-
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For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

	Nine month ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	------(Rupees in '000)-----			
Net income for the period after taxation	794,725	897,865	313,830	240,180
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>794,725</u>	<u>897,865</u>	<u>313,830</u>	<u>240,180</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

	Note	Nine month ended		Quarter ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----					
Undistributed income brought forward					
- Realised income		10,863	32,917	14,097	32,811
- Unrealised (loss) / income		(259)	(5,815)	1,538	(4,060)
		<u>10,604</u>	<u>27,102</u>	<u>15,635</u>	<u>28,751</u>
Net income for the period after taxation		794,725	897,865	-	240,180
Interim distributions during the period					
- Bonus units	8	(794,448)	(793,067)	(309,530)	(246,937)
- Cash distribution	8	(116)	(100,614)	(37)	(26)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		10,772	(14,321)	1,639	(5,003)
Undistributed income carried forward		<u>21,537</u>	<u>16,965</u>	<u>21,537</u>	<u>16,965</u>
Undistributed income carried forward comprising:					
- Realised gain		28,777	21,364	28,777	21,364
- Unrealised loss		(7,240)	(4,399)	(7,240)	(4,399)
Undistributed income carried forward		<u>21,537</u>	<u>16,965</u>	<u>21,537</u>	<u>16,965</u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

	Nine month ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----				
Net assets at the beginning of the period	12,401,926	14,772,225	14,922,877	13,872,812
Issue of 826,925,981 units - including 79,148,735 bonus units (March 31, 2013: 920,073,172 units)	7,533,861	8,476,495	2,375,057	2,460,689
Redemption of 542,923,443 units (March 31, 2013: 1,100,370,902 units)	(5,466,465)	(11,096,283)	(2,347,796)	(3,623,967)
	2,067,396	(2,619,788)	27,261	(1,163,278)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(10,772)	14,321	(1,639)	5,003
Unrealised diminution on investments at fair value through profit or loss - net Capital gain / (loss) on sale of investments	(7,240) 648	(4,399) 13,640	1,538 572	(4,060) (96)
Other income (net of expenses)	801,317	888,624	311,720	244,336
Net income for the period	794,725	897,865	313,830	240,180
Distribution:				
Interim distributions during the period				
- Bonus units	(794,448)	(793,067)	(309,530)	(246,937)
- Cash distribution	(116)	(100,614)	(37)	(26)
Add: Bonus distribution Interim Distribution	794,448	793,067	309,530	246,937
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	10,772	(14,321)	1,639	(5,003)
Net assets at the end of the period	15,263,931	12,949,688	15,263,931	12,949,688

The annexed notes 1 to 12 form an integral part of this condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

	Nine month ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	794,725	897,865	313,830	240,180
Adjustments				
Net unrealised appreciation / (diminution) in the value of investments classified as 'financial assets at fair value through profit or loss'	7,240	4,399	(1,538)	4,060
Amortisation of preliminary expenses and floatation costs	744	744	244	244
	802,709	903,008	312,536	244,484
(Increase) / decrease in assets				
Investments	(8,889,197)	2,301,532	(1,285,817)	1,424,570
Profit receivable	(3,816)	38,490	(6,388)	(1,607)
Prepayments and other receivables	(45)	(70)	(147)	(160)
Receivable from a connected person	5,846,012	-	-	-
	(3,047,046)	2,339,952	(1,292,352)	1,422,803
Increase / (decrease) in liabilities				
Payable to the Management Company	22,941	(3,123)	7,281	(1,380)
Payable to the Trustee	495	(159)	91	(71)
Payable to Securities and Exchange Commission of Pakistan	(1,830)	(2,985)	2,843	2,460
Payable against purchase of investment	747,106	-	747,106	-
Accrued expenses and other liabilities	17,203	(23,968)	7,494	4,771
	785,915	(30,235)	764,815	5,780
Net cash (outflow) / Inflow from operating activities	(1,458,422)	3,212,725	(215,001)	1,673,067
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	7,533,861	8,476,495	2,375,057	2,460,689
Payments on redemption of units	(5,461,951)	(11,121,794)	(2,344,439)	(3,650,581)
Distribution paid	(116)	(100,614)	(37)	(26)
Net cash inflow / (outflow) from financing activities	2,071,794	(2,745,913)	30,581	(1,189,918)
Net increase / (decrease) in cash and cash equivalents during the period	613,372	466,812	(184,420)	483,149
Opening balance of cash and cash equivalents	1,849,896	1,556,170	2,647,688	1,539,833
Cash and cash equivalents at the end of the period	2,463,268	2,022,982	2,463,268	2,022,982

The annexed notes 1 to 12 form an integral part of this condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTH PERIOD AND QUARTER ENDED MARCH 31, 2014

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 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).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of MUFAP.

The Fund 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 them to the Fund. The Fund is categorised as an Open-End "Money Market Scheme" as per the criteria laid down by Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

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 a stability rating of AAA(f) to the Fund and an asset manager rating of AM2 to the Management Company.

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

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

The disclosures made in this condensed interim financial information have been limited based on the requirements of the 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 should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2013.

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declared that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at March 31, 2014

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2013.

4 INVESTMENTS

At fair value through profit or loss - held for trading

Government securities - Market Treasury Bills	4.1	12,117,233	4,635,268
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Loans and receivable

Investment in certificate of investments	4.2	1,550,000	150,007
Investment in reverse repo		-	-
		1,550,000	150,007
		13,667,233	4,785,275

Note	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
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(Rupees in '000)

NAFA GOVERNMENT SECURITIES LIQUID FUND

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

Issue Date	Tenor	Face value				Market value	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2013	Purchases during the period	Sales / matured during the period	As at March 31, 2014			
-----Rupees in '000-----								
-----%								
Market Treasury Bills								
November 1, 2012	12 Months	-	3,200,000	3,200,000	-	-	-	
January 10, 2013	6 Months	4,725	50,275	55,000	-	-	-	
January 24, 2013	6 Months	-	2,020,300	2,020,300	-	-	-	
January 24, 2013	12 Months	-	500,000	500,000	-	-	-	
February 21, 2013	6 Months	-	1,136,800	1,136,800	-	-	-	
April 18, 2013	3 Months	6,800	95,700	102,500	-	-	-	
May 2, 2013	3 Months	-	7,291,500	7,291,500	-	-	-	
May 2, 2013	6 Months	-	100,000	100,000	-	-	-	
July 12, 2012	12 Months	2,145,000	63,000	2,208,000	-	-	-	
July 26, 2012	12 Months	2,500,000	-	2,500,000	-	-	-	
May 30, 2013	3 Months	-	489,000	489,000	-	-	-	
May 30, 2013	6 Months	-	5,296,500	5,296,500	-	-	-	
June 13, 2013	6 Months	-	501,870	501,870	-	-	-	
September 6, 2012	12 Months	-	8,640,000	8,640,000	-	-	-	
August 23, 2012	12 Months	-	1,457,800	1,457,800	-	-	-	
July 12, 2013	3 Months	-	4,886,000	4,886,000	-	-	-	
September 20, 2012	12 Months	-	3,766,800	3,766,800	-	-	-	
October 4, 2012	12 Months	-	500,000	500,000	-	-	-	
June 27, 2013	3 Months	-	24,500	24,500	-	-	-	
August 7, 2013	3 Months	-	3,307,000	3,307,000	-	-	-	
September 19, 2013	3 Months	-	6,631,900	6,631,900	-	-	-	
September 5, 2013	3 Months	-	1,500,000	1,500,000	-	-	-	
October 3, 2013	3 Months	-	2,379,500	2,379,500	-	-	-	
October 31, 2013	3 Months	-	738,000	738,000	-	-	-	
October 21, 2013	3 Months	-	175,000	175,000	-	-	-	
July 25, 2013	6 Months	-	100,000	100,000	-	-	-	
July 12, 2013	6 Months	-	50,000	50,000	-	-	-	
November 28, 2013	3 Months	-	8,400,600	8,400,600	-	-	-	
December 12, 2013	3 Months	-	4,254,000	4,254,000	-	-	-	
November 13, 2013	3 Months	-	1,800	1,800	-	-	-	
December 26, 2013	3 Months	-	1,510,000	1,510,000	-	-	-	
December 30, 2013	3 Months	-	500,000	500,000	-	-	-	
January 9, 2014	3 Months	-	2,213,000	1,200,000	1,013,000	1,012,145	6.63	
January 23, 2014	3 Months	-	6,141,600	1,750,000	4,391,600	5,117,337	33.53	
February 6, 2014	3 Months	-	200,000	-	200,000	198,231	1.30	
February 20, 2014	3 Months	-	3,127,500	-	3,127,500	3,088,810	20.24	
May 16, 2013	12 Months	-	35,000	-	35,000	34,567	0.23	
February 28, 2014	6 Months	-	2,547,000	2,000,000	547,000	541,717	3.55	
March 6, 2014	3 Months	-	400,000	-	400,000	393,550	2.58	
March 6, 2014	6 Months	-	1,000,000	-	1,000,000	958,760	6.28	
February 20, 2014	6 Months	-	500,000	-	500,000	481,132	3.15	
March 20, 2014	3 Months	-	4,500	-	4,500	4,411	0.03	
March 20, 2014	6 Months	-	1,000,000	700,000	-	286,574	1.88	
Total as at March 31, 2014						<u>12,117,233</u>	<u>79.38</u>	<u>88.66</u>
Carrying Value as at March 31, 2014						12,124,473		
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'						<u>(7,240)</u>		

4.2 Investment in Certificate of Investment

Name of issuer	Maturity date	Rate	As at September 30, 2013
Pak Brunei Investment Company Ltd	26-Jun-14	10.40%	1,000,000
PAIR Investment Company Limited	24-Jun-14	10.25%	50,000
Pak Brunei Investment Company Ltd	26-Jun-14	10.40%	250,000
Pak Brunei Investment Company Ltd	26-Jun-14	10.40%	250,000
			<u>1,550,000</u>

NAFA GOVERNMENT SECURITIES LIQUID FUND

5 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. This response was contradictory to the earlier clarification issued by the Ministry. Show cause notices were then issued by the Federal Board of Revenue (FBR) to several mutual funds (CISs) / pension funds for the collection of WWF. In respect of such show cause notices, certain mutual funds (CISs) / pension funds have been granted stay by the Honorable SHC on the basis of the pending Constitutional Petition as referred to above.

In March 2013, a three member bench of the Sindh High Court in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through the Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and pension funds, the issue of chargeability or otherwise of WWF levy to the CISs / pension funds is currently pending before the Honorable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs. 100.85 million (June 30, 2013 : Rs. 84.628 million) in this condensed interim financial information. Had the same not been made the net asset value per unit of the Fund would have been higher by Re. 0.0664 per unit.

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2014 and June 30, 2013.

7 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 provision for taxation as the Management Company, on behalf of the Fund, intends to distribute at least 90 percent of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its unit holders.

8 INTERIM DISTRIBUTIONS

The Fund makes distribution on a monthly basis and has made following distributions during the period.

Date	Rate Per Unit	Bonus		Cash Distribution	Total
		Units	Amount		
July 30, 2013	Rs. 0.0572	7,196,679	72,248	12	72,260
August 29, 2013	Rs. 0.0602	7,712,703	77,415	13	77,428
September 27, 2013	Rs. 0.0602	7,790,562	78,173	13	78,186
October 29, 2013	Rs. 0.0602	7,856,392	78,879	13	78,892
November 28, 2013	Rs. 0.0632	8,083,382	81,122	14	81,136
December 27, 2013	Rs. 0.0653	9,674,276	97,081	14	97,095
January 29, 2014	Rs. 0.0693	10,369,822	104,100	15	104,115
February 28, 2014	Rs. 0.0703	11,092,761	111,358	15	111,373
March 28, 2014	Rs. 0.0622	9,372,158	94,072	7	94,079
		<u>79,148,735</u>	<u>794,448</u>	<u>116</u>	<u>794,564</u>

As per clause 11 of the Trust Deed and clause 5 of the Offering Document, the Management Company, on behalf of the Fund, on a monthly basis (except June) distributes cash dividend, bonus, partially cash / bonus or in any other form acceptable to the Commission (such as bonus units) that may qualify under the tax laws. Net income (after deducting all the expenses of the Fund) earned on 25th of every month may be distributed by the Management Company. The Board of Directors on April 19, 2011 have passed a resolution providing standing authorisation to the Chief Executive Officer to approve and declare interim dividends out of profits earned by the Fund during the month.

NAFA GOVERNMENT SECURITIES LIQUID FUND

9 TRANSACTIONS WITH CONNECTED PERSONS

- 9.1 Connected persons include NBP Fullerton Asset Management Limited (NAFA) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Provident Fund Trust, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 9.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

Period ended		Quarter ended	
March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----			

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

Management Company

Management fee expense for the period	107,152	131,811	39,228	40,996
Sindh sales tax on remuneration of the Management Company	19,988	21,090	7,281	6,560
Federal Excise Duty on remuneration to Management	17,144	-	6,276	-
Bonus units issued (899,755 units; March 31, 2013: 554,163 units)	-	-	-	-
Units issued (18,565,146; March 31, 2013: 27,853,444 units)	187,000	280,634	65,000	122,634
Units redeemed (15,925,153 units; March 31, 2013: 14,444,743 units)	160,700	145,906	48,700	58,706

National Bank of Pakistan - Sponsor

Cash Dividend	-	100,434	-	-
T-Bills purchased during the period	12,030,324	3,027,715	-	3,027,715
T-Bills sold during the period	8,352,381	3,924,759	1,715,829	1,163,252
Bonus units issued (35,445,779; March 31, 2013: 15,794,578)	-	-	-	-
Units issued (Nil units; March 31, 2013: 83,980 units)	-	845	-	-
Units redeemed/transferred out (19,921,509 units; March 31, 2013: 30,937,301)	200,000	312,383	-	102,111
Placement of Term deposit receipt during the period	2,500,000	-	-	-
Bank profit earned by the fund on deposit in saving account	1,217	-	250	-
Profit earned by the fund on term deposit receipt	37,890	-	-	-

Central Depository Company of Pakistan Limited - Trustee

Trustee fee for the period	7,927	8,472	2,829	2,645
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Kamal A Chinoy - Director

Bonus units issued (4,703 units; March 31, 2013: 4,953 units)	-	-	-	-
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Aamir Sattar - Director

Bonus units issued (3,111 units; March 31, 2013: Nil units)	-	-	-	-
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Chief Executive Officer

Bonus units issued (11,415 units; March 31, 2013: 6,688 units)	-	-	-	-
Units redeemed (3,535 units; March 31, 2013: 7,955 units)	36	80	-	80

Chief Financial Officer

Bonus units issued (3,816 units; March 31, 2013: 6,082 units)	-	-	-	-
Units issued/ transfer in (49,688 units; March 31, 2013: Nil units)	500	-	-	-
Units redeemed/ transfer out (49,674 units; March 31, 2013: 98,171 units)	500	988,739	400	988,150

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Period ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013

------(Rupees in '000)-----

NAFA Provident Fund Trust - Provident Fund

Bonus units issued (26,547 units; March 31, 2013: 28,217 units)	-	-	-	-
Units issued/ transfer in (240,278 units; March 31, 2013: 517,669 units)	2,423	5,218	1,800	1,658
Units redeemed/ transfer out (660,701 units; March 31, 2013: 653,283 units)	6,648	6,592	6,343	2,559

Employees of the Management Company

Bonus units issued (37,039 units; March 31, 2013: 44,086 units)	-	-	-	-
Units issued/ transfer in (2,755,249 units; March 31, 2013: 1,694,099 units)	27,776	17,079	22,304	4,548
Units redeemed (2,597,371 units; March 31, 2013: 1,774,006 units)	26,230	17,877	22,274	6,028

NBP Employees Pension Fund

Bonus units issued (842,531 units; March 31, 2013: 887,372 units)	-	-	-	-
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NBP Endowment Funds Students Loan Scheme

Bonus units issued (1,649,896 units; March 31, 2013: 2,148,565 units)	-	-	-	-
Units issued/ transfer in (941,788 units; March 31, 2013: 641,906 units)	9,500	6,500	-	-
Units redeemed 10,004,755 units (March 31, 2013: Nil units)	101,000	-	53,000	-

NBP Exchange Company Limited

Bonus units issued (608,992 units; March 31, 2013: 1,169,408 units)	-	-	-	-
Units issued/ transfer in (15,402,173 units; March 31, 2013: 3,167 units)	155080	32	-	-
Units redeemed (Nil units; March 31, 2013: 24,541,962 units)	-	247,778	-	224,642

NBP Leasing Limited Employees Provident Fund

Bonus units issued (2,647 units; March 31, 2013: 4,391 units)	-	-	-	-
Units issued/ transfer in (111,740 units; March 31, 2013: 125,438 units)	1,125	1,268	272	100
Units redeemed/ transfer out (10,310 units; March 31, 2013: 198,421 units)	104	1,995	-	803

International Industries Limited - Employees Provident Fund

Bonus units issued (131,260 units; March 2013: 142,825 Units)	-	-	-	-
Units issued/ transfer in (166,266 units; March 2013: 2,871,189 Units)	1,678	28,941	-	9,473
Units redeemed/ transfer out (285,875 units Mar 2013: 2,974,199 Units)	2,873	30,011	2,873	16,124
T-Bills purchased during the period	94,624	25,567	21,550	9,937
T-Bills sold during the period	7,951	-	-	-

International Industries Limited - Employees Gratuity Fund

Bonus units issued (223,624 units; March 2013: 172,773 Units)	-	-	-	-
Units issued/ transfer in (552,657 units; March 2013: 1,334,032 Units)	5,572	34,202	2,950	13,406
Units redeemed/ transfer out (3,228,205 units Mar 2013: 1,043,254 Units)	32,437	31,808	13,675	-
T-Bills purchased during the period	111,808	34,645	23,999	20,624
T-Bills sold during the period	66,681	-	-	-

International Steel Limited - Employees Gratuity Fund

Bonus units issued (22,738 units; March 2013: 16,383 Units)	-	-	-	-
Units issued/ transfer in (168,367 units; March 2013: 370,086 Units)	1,696	3,735	1,486	-
Units redeemed/ transfer out (330,145 units Mar 2013: 420,054 Units)	3,318	4,238	1,831	-
T-Bills purchased during the period	10,867	6,070	2,467	1,881

International Steel Limited - Employees Provident Fund

Bonus units issued (26,755 units; March 2013: 37,537 Units)	-	-	-	-
Units issued/ transfer in (135,543 units; March 2013: 760,008 Units)	1,366	7,661	1,050	-
Units redeemed/ transfer out (187,103 units Mar 2013: 993,926 Units)	1,883	10,032	1,410	-
T-Bills purchased during the period	13,780	9,232	3,918	2,462

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Period ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
------(Rupees in '000)-----				
Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund				
T-Bills purchased during the period	189010	51,312	37,997	24,641
T-Bills sold during the period	43796	-	-	-
Gul Ahmed Textile Mills Limited - Employee Provident Fund				
Units redeemed/ transfer out	-	6,290	-	-
NAFA Asset Allocation Fund				
T-Bills purchased during the period	-	38,910	-	-
NAFA Financial Sector Income Fund				
T-Bills purchased during the period	265,535	49,414	196,556	-
Telenor Pakistan Ltd - Employees Provident Fund				
T-Bills purchased during the period	11,714	45,753	-	34,039
Thal Limited Employees Provident Fund				
T-Bills purchased during the period	473,614	40,964	107,030	40,964
T-Bills sold during the period	11,442	-	-	-
Thal Limited Employees Retirement Benefit Fund				
T-Bills purchased during the period	23,636	1,971	5,132	1,971
T-Bills sold during the period	499	-	-	-
NAFA Income Opportunity Fund				
T-Bills purchased during the period	60,603	-	-	-
Summit Bank Limited				
T-Bills sold during the period	998,145	-	-	-
Bank profit earned by the fund on deposit in saving account	432	-	-	-
NAFA Money Market Fund				
T-Bills purchased during the period	847,031	-	199,050	-
T-Bills sold during the period	1,797,352	-	-	-
Thal Limited - Treasury Division				
Units issued (4,980,377 units: March 31, 2013: Nil units)	50,000	-	-	-
Units redeemed (14,922,997 units: March 31, 2013: Nil units)	150,000	-	-	-
Bonus units issued (840,845 units: March 31, 2013: Nil units)	-	-	-	-
NAFA Savings Plus Fund				
T-Bills purchased during the period	149,720	-	149,720	-

NAFA GOVERNMENT SECURITIES LIQUID FUND

	(Un-Audited)	(Audited)
	As at	As at
	March 31,	June 30,
	2014	2013
	(Rupees in '000)	
9.6 Amounts outstanding as at period / year end		
Management Company		
Receivable from the management company	6,980	6,980
Management fee payable	13,482	6,729
FED Payable on remuneration	15,390	627
Sindh sales tax payable on remuneration of the Management Company	2,502	1,077
Investment held by the Management Company (18,061,702 units; June 30, 2013: 14,521,954)	181,450	145,784
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	977	482
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund (633,158,535 units; June 30, 2013: 617,634,266 units)	6,360,774	6,200,369
Balance in current account	1,780	691
Balance in saving account	12,615	11,771
Term deposit receipt	-	500,000
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the Sponsor in the Fund (Nil units; June 30, 2013: Nil units)	-	-
Chief Executive Officer		
Investment held by the Chief Executive Officer (207,164 units; June 30, 2013: 199,285 units)	2,081	2,001
Chief Financial Officer		
Investment held by the Chief Financial Officer (47,271 units; June 30, 2013: 43,443 units)	475	436
Kamal A Chinoy - Director		
Investment held by the Director in the Fund (85,722 units; June 30, 2013: 81,019 units)	861	813
Aamir Sattar - Director		
Investment held by the Director in the Fund (56,709 units; June 30, 2013: Nil units)	570	-
NAFA Provident Fund Trust - Provident Fund		
Investment held by the Sponsor in the Fund (99,291 units; June 30, 2013: 493,166 units)	997	4,951
Employees of the Management Company		
Investment held by the employees in the Fund (752,954 units; June 30, 2013: 651,128 units)	7,564	6,537
NBP Employees Pension Fund		
Investment held in the Fund (15,358,325 units; June 30, 2013: 14,515,794 units)	154,291	145,723
NBP Endowment Funds Students Loan Scheme		
Investment held in the Fund (25,530,205 units; June 30, 2013: 32,943,276 units)	256,479	330,714

NAFA GOVERNMENT SECURITIES LIQUID FUND

	(Un-Audited) As at March 31, 2014	(Audited) As at June 30, 2013
	(Rupees in '000)	
NBP Exchange Company Limited Investment held in the Fund (16,011,164 units; June 30, 2013: Nil units)	160,850	-
NBP Leasing Limited Employees Provident Fund Investment held in the Fund (114,267 units; June 30, 2013: 10,191 units)	1,148	102
NAFA Money Market Fund Amount receivable due to transfer of units on behalf of NBP	-	5,846,012
Fauji Oil Terminal & Distribution Co. Ltd. Units held: Nil units (June 2013: 2,686,640 units)	-	26,968
International Steels Limited - Employees Provident Fund Units held: 432,410 units (2013: 457,214 units)	4,344	4,589
International Steels Limited - Employees Gradiuity Fund Units held: 363,555 units (2013: 502,594 units)	3,652	5,045
International Industries Limited - Employee Gradiuity Fund Units held: 3,211,461 units (2013: 5,663,385 units)	32,263	56,848
International Industries Limited - Employee Provident Fund Units held: 2,178,743 units (2013: 2,167,092 units)	21,888	21,753
Summit Bank Limited Balance in Saving Account	11,591	13,956
Thal Limited - Treasury Division Units held: 12,221,234 units (2013: Nil units)	122,776	-

10 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant changes or reclassifications were made in this condensed interim financial information.

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on April 30, 2014.

12 GENERAL

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



Joint - Venture Partners

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