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rated by FICRA



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

## **NAFA GOVERNMENT SECURITIES LIQUID FUND**

# **HALF YEARLY REPORT DECEMBER 31 2015**




*Your investments & "NAFA" grow together*



**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

## MISSION STATEMENT



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

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# NAFA GOVERNMENT SECURITIES LIQUID FUND

## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Nigel Poh Cheng	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 & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

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

### Human Resource and Remuneration Committee

Mr. Nausherwan Adil	Chairman
Mr. Nigel Poh Cheng	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  
UNIB Bank Limited  
National Bank of Pakistan  
Summit Bank Limited  
Soneri Bank Limited  
Sindh Bank Limited  
Samba Bank Limited  
Zarai Taraqati 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:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Government Securities Liquid Fund** (NGSLF) for the half year ended December 31, 2015.

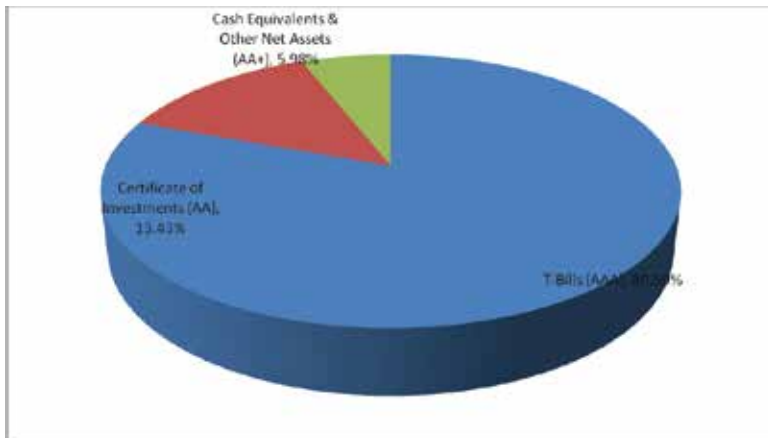
### Fund's Performance

The size of NAFA Government Securities Liquid Fund has declined from Rs. 7,013 million to Rs. 3,724 million during the period, i.e. a decline of 46.9%. During the period, the unit price of the Fund has increased from Rs. 10.1423 on June 30, 2015 to Rs. 10.4217 on December 31, 2015, thus showing a return of 5.46% as compared to the benchmark (70% 3-Month T-Bills & 30% average 3-Month deposit rate of 'AA' & above rated banks) return of 6.24% 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-Bills) with average maturity of the overall portfolio at 45 days. 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 reduced the discount rate by 50 bps to 6.5%. SBP highlighted: i) benign inflation readings and anchored near-term expectation; ii) high real lending rates; iii) comfortable external account position; and (iv) improving law and order situation and macroeconomic stability. Sovereign securities responded to the loose monetary policy stance with yields on T-Bills declining accordingly.

The Fund has earned total income of Rs.149.35 million during the period. After deducting expenses of Rs.49.56 million, the net income is Rs.99.79 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

## 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: February 26, 2016  
Place: Karachi.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS NAFA GOVERNMENT SECURITIES LIQUID FUND

**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 Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2015 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.

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 25, 2016



# 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 31 December 2015 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this 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 interim financial information based on our review.

### *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 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.

### *Other matter*

The figures for the three months period ended 31 December 2015 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 26, 2016

Karachi

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KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Nadeem

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Condensed Interim Statement of Assets and Liabilities As at 31 December 2015

	Note	(Un- Audited) December 31' 2015 (Rupees in '000)	(Audited) June 30, 2015
<b>Assets</b>			
Bank balances	6	3,369,142	1,962,658
Investments	7	3,500,828	3,024,546
Profit receivables		12,429	1,770
Receivable against conversion of units	8	-	2,514,448
Advance, prepayment and other receivable		7,014	7,151
<b>Total assets</b>		<u>6,889,413</u>	<u>7,510,573</u>
<b>Liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company	9	46,853	46,866
Payable to Central Depository Company of Pakistan Limited - Trustee	10	388	590
Payable to Securities and Exchange Commission of Pakistan		2,490	7,535
Payable against redemption of units		173	25,282
Payable against conversion of units	8	1,051	6,485
Payable against purchase of investments		2,998,461	-
Dividend payable		-	278,346
Accrued expenses and other liabilities	11	116,480	132,014
<b>Total liabilities</b>		<u>3,165,896</u>	<u>497,118</u>
<b>Net assets</b>		<u>3,723,517</u>	<u>7,013,455</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>3,723,517</u>	<u>7,013,455</u>
<b>Contingencies and commitments</b>			
	12	(Number of units)	
<b>Number of units in issue</b>		<u>357,286,059</u>	<u>691,506,600</u>
		-----Rupees-----	
<b>Net assets value per unit</b>		<u>10.4217</u>	<u>10.1423</u>

The annexed notes 1 to 17 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 six and three months period ended 31 December 2015

Note	Six months period ended		Three months period ended	
	2015	2014	2015	2014
Rupees in '000				
<b>Income</b>				
Income from government securities	173,857	360,430	54,720	167,071
Income from term deposit receipts	-	18,525	-	13,491
Income from money market placements	11,507	23,767	9,452	17,946
Profit on bank deposits	48,674	100,695	28,241	47,954
(Loss) / gain on sale of investments - net	(159)	2,564	(285)	2,140
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.2 (2,128)	(389)	(2,385)	1,409
<b>Total income</b>	<b>231,751</b>	<b>505,592</b>	<b>89,743</b>	<b>250,011</b>
<b>Expenses</b>				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	9.1 32,062	52,045	12,253	26,092
Sindh Sales Tax on remuneration of Management Company	9.2 5,207	9,056	1,990	4,239
Federal Excise Duty on remuneration of Management Company	9.3 5,130	8,327	1,960	4,175
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,864	4,079	1,197	2,016
Sindh Sales Tax on remuneration of Trustee	10.1 401	-	168	-
Annual fee - Securities and Exchange Commission of Pakistan	2,490	3,701	1,008	1,827
Allocation of expenses related to registrar services, accounting, operation and valuation services	13 448	-	448	-
Auditors' remuneration	300	379	125	241
Securities transaction costs	174	231	81	173
Bank charges	275	431	53	216
Listing fee	20	20	10	10
Mutual fund rating fee	168	134	84	67
Legal and professional charges	-	25	-	12
Printing charges	20	14	20	14
<b>Total expenses</b>	<b>49,559</b>	<b>78,442</b>	<b>19,397</b>	<b>39,082</b>
<b>Net income from operating activities</b>	<b>182,192</b>	<b>427,150</b>	<b>70,346</b>	<b>210,929</b>
Element of income / (loss) and capital gains (losses) included in prices of units issued less those in units redeemed - net	(82,399)	-	(64,658)	-
Provision for Workers' Welfare Fund	11.1 -	(8,543)	-	(4,219)
<b>Net income for the period before taxation</b>	<b>99,793</b>	<b>418,607</b>	<b>5,688</b>	<b>206,710</b>
Taxation	14 -	-	-	-
<b>Net income for the period</b>	<b>99,793</b>	<b>418,607</b>	<b>5,688</b>	<b>206,710</b>

The annexed notes 1 to 17 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 Comprehensive Income (Unaudited) For the six and three months period ended 31 December 2015

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>----- Rupees in '000 -----</u>			
Net income for the period	99,793	418,607	5,688	206,710
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>99,793</u>	<u>418,607</u>	<u>5,688</u>	<u>206,710</u>

The annexed notes 1 to 17 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 six and three months period ended 31 December 2015

	Six months period ended		Three months period ended	
	2015	2014	2015	2014
	----- Rupees in '000 -----			
<b>Undistributed income brought forward</b>				
- Realised income	86,154	28,075	179,343	231,603
- Unrealised (loss) / income	(659)	(3,692)	257	(1,798)
	<u>85,495</u>	<u>24,383</u>	<u>179,600</u>	<u>229,805</u>
Net income for the period	99,793	418,607	5,688	206,710
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holders' fund - net	-	(17,939)	-	(11,464)
<b>Undistributed income carried forward</b>	<u>185,288</u>	<u>425,051</u>	<u>185,288</u>	<u>425,051</u>
<b>Undistributed income carried forward comprising:</b>				
- Realised income	187,416	425,440	187,416	425,440
- Unrealised loss	(2,128)	(389)	(2,128)	(389)
	<u>185,288</u>	<u>425,051</u>	<u>185,288</u>	<u>425,051</u>

The annexed notes 1 to 17 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 six and three months period ended 31 December 2015

	Six months period ended		Three months period ended	
	2015	2014	2015	2014
	----- Rupees in '000 -----			
<b>Net assets at beginning of the period</b> [Rs. 10.1423 per unit (2014: Rs. 10.0538)]	7,013,455	9,858,623	6,713,805	9,710,252
Issue of 919,046,310 units (2014: 288,952,718 units)	9,352,452	2,970,674	375,116	1,631,047
Redemption of 1,253,266,851 units (2014: 356,969,182 units)	(12,824,582)	(3,672,414)	(3,435,750)	(1,972,519)
	(3,472,130)	(701,740)	(3,060,634)	(341,472)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net				
- amount representing loss transferred to condensed interim income statement	82,399	-	64,658	-
- amount representing loss transferred to condensed interim distribution statement	-	17,939	-	11,464
(Loss) / gain on sale of investments - net	(159)	2,564	(285)	2,140
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(2,128)	(389)	(2,385)	1,409
Other net income for the period	102,080	416,432	8,358	203,161
<b>Total comprehensive income for the period</b>	99,793	418,607	5,688	206,710
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (loss) that form part of the unit holders' fund - net	-	(17,939)	-	(11,464)
<b>Net assets at end of the period</b> [Rs. 10.4217 per unit (2014: Rs. 10.4929)]	<u>3,723,517</u>	<u>9,575,490</u>	<u>3,723,517</u>	<u>9,575,490</u>

The annexed notes 1 to 17 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 six and three months period ended 31 December 2015

Note	Six months period ended		Three months period ended	
	2015	2014	2015	2014
----- Rupees in '000 -----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	99,793	418,607	5,688	206,710
<b>Adjustments:</b>				
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	2,128	389	2,385	(1,409)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	82,399	-	64,658	-
	<u>184,320</u>	<u>418,996</u>	<u>72,731</u>	<u>205,301</u>
<b>(Increase) / decrease in assets</b>				
Investments - net	(478,410)	2,608,366	569,512	(633,805)
Profit receivables	(10,659)	(18,770)	(9,463)	(15,063)
Advance, prepayment and other receivable	137	(2,855)	83	9,636
	<u>(488,932)</u>	<u>2,586,741</u>	<u>560,132</u>	<u>(639,232)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to NBP Fullerton Asset Management Limited - Management Company	(13)	15,832	(1,699)	4,078
Payable to Central Depository Company of Pakistan Limited - Trustee	(202)	(225)	(185)	(5)
Payable to Securities and Exchange Commission of Pakistan	(5,045)	(6,953)	1,008	1,827
Payable against purchase of investment	2,998,461	-	2,998,461	-
Accrued expenses and other liabilities	(15,534)	7,864	(1,519)	3,334
	<u>2,977,667</u>	<u>16,518</u>	<u>2,996,066</u>	<u>9,234</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>2,673,055</u>	<u>3,022,255</u>	<u>3,628,929</u>	<u>(424,697)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amounts received on issue of units	11,866,900	2,970,674	375,503	1,631,047
Payments against redemption of units	(12,855,125)	(9,507,776)	(3,435,722)	(1,961,837)
Distribution paid	(278,346)	-	-	-
<b>Net cash (used in) financing activities</b>	<u>(1,266,571)</u>	<u>(6,537,102)</u>	<u>(3,060,219)</u>	<u>(330,790)</u>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<u>1,406,484</u>	<u>(3,514,847)</u>	<u>568,710</u>	<u>(755,487)</u>
Cash and cash equivalents at beginning of the period	1,962,658	7,730,161	2,800,432	4,970,801
<b>Cash and cash equivalents at end of the period</b>	<u>6</u> <u>3,369,142</u>	<u>4,215,314</u>	<u>3,369,142</u>	<u>4,215,314</u>

The annexed notes 1 to 17 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 six and three months period ended 31 December 2015

### 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 10 April 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by 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 (subsequent to the period end due to demutualization, all Stock Exchange are integrated into Pakistan Stock Exchange). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The 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 (CDC) as Trustee of the Fund.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of the IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

2.1.1 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2015.

2.1.2 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (2) (f) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations).

#### 2.2 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 3. SIGNIFICANT 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 financial statements of the Fund as at and for the year ended 30 June 2015, except for the following standards which became effective during the period.

### 3.1 New, Amended And Revised Standards And Interpretations of IFRSs

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Fund.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the Fund, except certain additional disclosures.

## 4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2015.

## 5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2015.

	Note	(Un-Audited) December 31, 2015 (Rupees in '000)	(Audited) June 30, 2015
<b>6 BANK BALANCES</b>			
In current accounts		8,511	8,831
In savings accounts	6.1	<u>3,360,631</u>	<u>1,953,827</u>
		<u>3,369,142</u>	<u>1,962,658</u>

6.1 These accounts carry rates of return ranging from 4.00% to 7.45% (30 June 2015: 4.50% to 10.75%) per annum.

	Note	(Un-Audited) December 31, 2015 (Rupees in '000)	(Audited) June 30, 2015
<b>7 INVESTMENTS</b>			
<b>At fair value through profit or loss - held for trading</b>			
Government securities - Market Treasury Bills	7.1	3,000,828	3,024,546
<b>Loans and receivables</b>			
Certificate of investments	7.3	500,000	-
		<u>3,500,828</u>	<u>3,024,546</u>

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 7.1 Investment in government securities - Market Treasury Bills

Issue Date	Tenor	Face value				Market value as at December 31, 2015	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2015	Purchases during the period	Sales / matured during the period	As at December 31, 2015			
-----Rupees in '000-----								
30 October 2014	12 Months	-	900,000	900,000	-	-	-	-
13 November 2014	12 Months	-	4,300,000	4,300,000	-	-	-	-
27 November 2014	12 Months	-	125,000	125,000	-	-	-	-
08 January 2015	6 Months	495,000	99,200	594,200	-	-	-	-
08 January 2015	12 Months	-	4,747,500	1,743,000	3,004,500	3,000,828	80.59	85.72
22 January 2015	6 Months	-	873,000	873,000	-	-	-	-
22 January 2015	12 Months	-	20,000	20,000	-	-	-	-
06 February 2015	6 Months	-	284,000	284,000	-	-	-	-
05 March 2015	6 Months	-	1,148,500	1,148,500	-	-	-	-
19 March 2015	6 Months	-	666,000	666,000	-	-	-	-
30 April 2015	6 Months	-	1,970,000	1,970,000	-	-	-	-
14 May 2015	3 Months	-	600,000	600,000	-	-	-	-
14 May 2015	6 Months	-	400	400	-	-	-	-
28 May 2015	3 Months	55,000	10,000	65,000	-	-	-	-
28 May 2015	6 Months	-	3,824,500	3,824,500	-	-	-	-
25 June 2015	3 Months	-	800,000	800,000	-	-	-	-
29 June 2015	6 Months	2,500,000	100,000	2,600,000	-	-	-	-
09 July 2015	3 Months	-	1,625,000	1,625,000	-	-	-	-
09 July 2015	6 Months	-	1,943,000	1,943,000	-	-	-	-
23 July 2015	3 Months	-	2,780,000	2,780,000	-	-	-	-
23 July 2015	6 Months	-	447,000	447,000	-	-	-	-
06 August 2015	6 Months	-	200,000	200,000	-	-	-	-
03 September 2015	3 Months	-	301,000	301,000	-	-	-	-
17 September 2015	3 Months	-	3,250,500	3,250,500	-	-	-	-
29 October 2015	3 Months	-	5,000	5,000	-	-	-	-
29 October 2015	6 Months	-	250,000	250,000	-	-	-	-
12 November 2015	3 Months	-	750,000	750,000	-	-	-	-
12 November 2015	6 Months	-	250,000	250,000	-	-	-	-
10 December 2015	3 Months	-	500,000	500,000	-	-	-	-
		<u>3,050,000</u>	<u>32,769,600</u>	<u>32,815,100</u>	<u>3,004,500</u>	<u>3,000,828</u>	<u>80.59</u>	<u>85.72</u>

Carrying value before fair value adjustment as at 31 December 2015

3,002,956

7.1.1 These carry a rate of return ranging from 6.15% to 7.00% (2015: 6.50% to 10.20%) per annum.

Note	(Un-audited) December 31, 2015	(Un-audited) December 31, 2014
	(Rupees in '000)	

7.2 Net unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss

Market value of investments	7.1	3,000,828	4,062,951
Less: carrying value of investments	7.1	<u>(3,002,956)</u>	<u>(4,063,340)</u>
		<u>(2,128)</u>	<u>(389)</u>

7.3 These carry rate of return 7.50% per annum with maturity date of 11 March 2016.

## 8 RECEIVABLE / (PAYABLE) AGAINST CONVERSION OF UNITS

Aa at 30 June 2015, units of Rs. 6,518.390 million were issued and units of Rs. 4,010.427 million were redeemed (conversion / switching of units) as per the instructions of units holders of the respective funds between funds managed by the Management Company. However, receivable and payable were stated based on net settlement basis among funds and these were settled during the six months period ended 31 December 2015. As at 31 December 2015 amount of Rs. 1.051 million is payable to NAFA Islamic Asset Allocation Fund against conversion of units (Refer note 15.6).

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	Note	(Un-audited) December 31, 2015	(Audited) June 30, 2015
<b>(Rupees in '000)</b>			
<b>9 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration	9.1	2,386	7,126
Sindh Sales Tax	9.2	388	1,239
Federal Excise Duty	9.3	43,631	38,501
Allocation of expenses related to registrar services, accounting, operation and valuation services	13	448	-
		46,853	46,866
<p>9.1 Under the revised Non-Banking Finance Companies &amp; Notified Entities Regulations 2008, notified on 25 November 2015, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1.5 percent of average annual net assets. The Management Company has charged its remuneration at the rate of 8% of net income of the Fund subject to upper cap of 1.00% and lower cap of 0.5% of average annual net assets of the current period (30 June 2015: 10 percent per annum of gross earning of the fund subject to upper cap of 1.25% and lower cap of 1% of average annual net asset).</p> <p>9.2 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 15% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2014. However, the rate has been revised from 15% to 14% effective from 1 July 2015.</p> <p>9.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. In 2014, the Honourable High Court of Sindh in a Constitutional petition relating to levy of FED on Mutual Funds has granted a stay order for the recovery of FED. As a matter of abundant caution, without prejudice to the above, the Management Company has made a provision with effect from 13 June 2013, aggregating to Rs. 46.014 million out of which Rs. 2.383 million have been paid to the Management Company. Had the provision not been made, the Net Asset Value (NAV) per unit of the Fund as at 31 December 2015 would have been higher by Rs. 0.1288 per unit (30 June 2015: Rs. 0.0591 per unit).</p>			
<b>(Rupees in '000)</b>			
<b>10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration		341	590
Sindh Sales Tax	10.1	47	-
		388	590

10.1 The Sindh Provincial Government levied Sindh Sales Tax at the rate of 14% on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2015.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	Note	(Un-audited) December 31, 2015	(Audited) June 30, 2015
<b>(Rupees in '000)</b>			
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for workers' welfare fund	11.1	115,239	115,239
Auditors' remuneration		341	429
Brokerage		315	430
Bank charges		51	57
Withholding tax		87	4,740
Capital gain tax		395	10,820
Others		52	299
		<u>116,480</u>	<u>132,014</u>

11.1 There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in annual financial statements of the Fund for the year ended 30 June 2015.

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1 July 2015, the Fund has discontinued making the provision in this regard. Had the provision not been maintained, the Net Assets Value (NAV) per unit of the Fund as at 31 December 2015 would have been higher by Rs. 0.3225 per unit (30 June 2015: Rs. 0.1667 per unit).

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 December 2015 and as at 30 June 2015.

## 13 ALLOCATION OF EXPENSES RELATED TO REGISTRAR SERVICES, ACCOUNTING, OPERATION AND VALUATION SERVICES

Securities and Exchange Commission of Pakistan through its SRO 1160(I)/2015 dated 25 November 2015 has revised the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the revised regulations a new clause 60(s) has been introduced allowing the management company to charge "fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less" from the mutual funds managed by it.

The expenses represents the allocation of expenses relating to registrar services, accounting, operations and valuation services at 0.1% of average net annual assets of the Fund with effect from 25 November 2015.

## 14 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 management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 15 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

15.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company (NAFA), Central Depository Company of Pakistan Limited (CDC) being the Trustee, National Bank of Pakistan (NBP) and its connected persons, and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Pension Fund, NAFA Provident Fund Trust being the associates of the Management Company, other collective investment schemes managed by the Management Company and directors and officers of the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and unit holders holding 10 percent or more units of the Fund.

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

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

15.4 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

## 15.5 Transactions during the period

----- (Un-Audited) -----				
	<u>Six months period ended</u>		<u>Three months period ended</u>	
	2015	2014	2015	2014
----- Rupees in '000 -----				
<b>NBP Fullerton Asset Management Company Limited - Management Company</b>				
Remuneration of the Management Company	32,062	52,045	12,253	26,092
Sindh sales tax on management remuneration	5,207	9,056	2,037	4,239
Federal Excise Duty on management remuneration	5,130	8,327	1,913	4,175
Allocation of expenses related to registrar services, accounting, operation and valuation services	448	-	448	-
7,181,054 units issued (31 December 2014: 7,502,041 units)	73,662	77,000	-	42,000
13,692,744 units redeemed (31 December 2014: 25,447,949 units)	141,013	261,655	105,513	187,005
<b>National Bank of Pakistan - Sponsor</b>				
Market Treasury Bills purchased	-	1,291,199	-	1,291,199
Market Treasury Bills sold	-	3,004,934	-	-
Payment against redemption of units	3,689,732	-	-	-
Bank profit earned in saving account	30	-	30	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee remuneration	2,864	4,079	1,197	2,016
Sindh sales tax on remuneration of trustee	401	-	168	-
<b>Chief Executive Officer</b>				
14,576 units redeemed (31 December 2014: Nil)	150	-	150	-
<b>Chief Financial Officer</b>				
128,903 units redeemed (31 December 2014: Nil)	1,325	-	300	-
<b>NAFA Provident Fund Trust - Provident Fund</b>				
Units issued: Nil (31 December 2014: 154,582 units)	-	1,567	-	-
Units redeemed: Nil (31 December 2014: 154,582 units)	-	1,572	-	-
<b>Employees of the Management Company</b>				
317,753 units issued (31 December 2014: 1,291,239 units)	3,248	13,259	1,060	4,412
377,259 units redeemed (31 December 2014: 813,812 units)	3,870	8,393	419	6,129
<b>NBP Endowment Funds Students Loan Scheme</b>				
242,850 units redeemed (31 December 2014: 4,213,287 units)	2,500	44,000	2,500	44,000
<b>NBP Exchange Company Limited</b>				
Units issued: Nil (31 December 2014: 8,772,264 units)	-	92,000	-	92,000
4,926,691 units redeemed (31 December 2014: 5,908,303 Units)	50,000	60,000	-	-
<b>NBP Leasing Limited Employees Provident Fund</b>				
Units issued: Nil (31 December 2014: 96,324 units)	-	999	-	618
49,971 units redeemed (31 December 2014: Nil units)	521	-	521	-
<b>International Industries Limited - Employees Provident Fund</b>				
Units issued: Nil (31 December 2014: 315,519 units)	-	3,207	-	396
Units redeemed: Nil (31 December 2014: 2,148,656 units)	-	22,312	-	20,978
<b>International Industries Limited - Employees Gratuity Fund</b>				
Units issued: Nil (31 December 2014: 1,380,837 units)	-	14,172	-	6,853
Units redeemed: Nil (31 December 2014: 923,960 units)	-	9,446	-	3,427

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	----- (Un-Audited) -----			
	<u>Six months period ended</u>		<u>Three months period ended</u>	
	2015	2014	2015	2014
	----- Rupees in '000 -----			
<b>International Steel Limited - Employees Gratuity Fund</b>				
Units issued: Nil (31 December 2014: 179,834 units)	-	1,828	-	349
Units redeemed: Nil (31 December 2014: 396,476 units)	-	4,087	-	2,532
Market Treasury Bills purchased	-	2,261	-	2,261
<b>International Steel Limited - Employees Provident Fund</b>				
Units issued: Nil (31 December 2014: 289,768 units)	-	2,929	-	66
Units redeemed: Nil (31 December 2014: 688,435 units)	-	7,081	-	4,414
Market Treasury Bills purchased	-	7,569	-	7,569
<b>Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund</b>				
Market Treasury Bills purchased	34,255	17,831	-	17,831
Market Treasury Bills sold	2,490	-	-	-
<b>Thal Limited Employees Provident Fund</b>				
Market Treasury Bills purchased during the period	4,972	-	-	-
Market Treasury Bills sold during the period	3,983	-	-	-
<b>Service Provident Fund Trust</b>				
Market Treasury Bills purchased during the period	93,750	-	-	-
<b>NAFA Money Market Fund</b>				
Market Treasury Bills purchased	246,978	2,022,447	246,978	1,924,297
Market Treasury Bills sold	895,370	98,769	-	98,769
<b>NAFA Government Securities Savings Fund</b>				
Market Treasury Bills purchased	178,381	-	9,930	-
<b>Mutual Fund Association of Pakistan - MUFAP</b>				
539,332 units issued (31 December 2014: 689,879 units)	5,500	7,000	-	-
527,576 units redeemed (31 December 2014: 453,701 units)	5,450	4,665	3,265	3,600
<b>Pakistan Petroleum Limited</b>				
72,610,753 Units issued (31 December 2014: Nil units)	741,000	-	-	-
<b>Byco Oil Pakistan Limited- Employee Provident Fund</b>				
Market Treasury Bills purchased	20,944	6,934	-	6,934
<b>Byco Petroleum Pakistan Limited –Employee Provident Fund</b>				
Market Treasury Bills purchased	33,411	6,934	-	6,934
<b>Millat Tractor Limited Employees Pension Fund</b>				
Market Treasury Bills purchased	-	28,984	-	28,984
<b>Cherat Cement Company Limited</b>				
11,051,126 units issued (31 December 2014: Nil units)	112,278	-	-	-
22,088,364 units redeemed (31 December 2014: Nil units)	224,735	-	-	-
<b>NAFA Income Fund</b>				
Market Treasury Bills purchased	-	98,943	-	98,943

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	As at December 31, 2015 (Un-Audited)	As at June 30, 2015 (Audited)
<b>15.6 Balances outstanding as at period / year end:</b>	<b>(Rupees in '000)</b>	
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
4,103,580 units held (2015: 10,615,271 units)	42,766	107,663
Receivable from the Management Company	6,980	6,980
Management remuneration payable	2,386	7,126
Sindh Sales Tax payable	388	1,239
Federal Excise Duty payable	43,631	38,501
Allocation of expenses related to registrar services, accounting, operation and valuation services	448	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	341	590
Sindh Sales Tax on trustee remuneration payable	47	-
<b>National Bank of Pakistan - Sponsor</b>		
Balance in current account	916	2,474
Balance in savings account	4,999	490
Cash dividend payable	-	271,389
Payable against redemption of units	-	3,689,732
<b>Chief Executive Officer</b>		
317,418 units held (2015: 331,995 units)	3,308	3,367
<b>Company Secretary &amp; Chief Operating Officer</b>		
50,004 units held (2015: 50,004 units)	521	507
<b>Chief Financial Officer</b>		
341,588 units held (2015: Nil units)	3,560	-
<b>Employees of the Management Company</b>		
233,895 units held (2015: 763,892 units)	2,438	7,748
<b>NBP Employees Pension Fund</b>		
16,823,405 units held (2015: 16,823,405 units)	175,328	170,628
<b>NBP Endowment Funds Students Loan Scheme</b>		
13,953,347 units held (2015: 14,196,197 units)	145,418	143,982
<b>NBP Exchange Company Limited</b>		
15,551,135 units held (2015: 20,477,826 units)	162,069	207,692
<b>NBP Leasing Limited Employees Provident Fund</b>		
Units held: Nil (2015: 49,971 units)	-	507
<b>Mutual Fund Association of Pakistan - MUFAP</b>		
11,756 units held (2015: Nil units)	123	-
<b>Cherat Cement Company Limited</b>		
Units held: Nil (2015: 11,037,238 )	-	111,943
<b>Summit Bank Limited</b>		
Balance in Current Account	7,595	6,357
<b>Getz Pharma (Pvt.) Limited.</b>		
143,920,009 units held (2015: 143,920,009 )	-	1,459,680

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	As at December 31, 2015 (Un-Audited)	As at June 30, 2015 (Audited)
	(Rupees in '000)	
<b>NAFA Asset Allocation Fund</b>		
Net receivable against conversion of units	-	22,636
<b>NAFA Financial Sector Income Fund</b>		
Net receivable against conversion of units	-	126,228
<b>NAFA Income Opportunity Fund</b>		
Net receivable against conversion of units	-	1,531
<b>NAFA Islamic Stock Fund</b>		
Net receivable against conversion of units	-	3,858
<b>NAFA Money Market Fund</b>		
Net receivable against conversion of units	-	2,188,358
<b>NAFA Riba Free Savings Fund</b>		
Net receivable against conversion of units	-	9,456
<b>NAFA Savings Plus Fund</b>		
Net receivable against conversion of units	-	162,381
<b>NAFA Stock Fund</b>		
Payable against conversion of units	-	55
<b>NAFA Government Securities Savings Fund</b>		
Payable against conversion of units	-	52
<b>NAFA Islamic Asset Allocation Fund</b>		
Payable against conversion of units	1,051	6,378
<b>K &amp; N's Foods Private Limited</b>		
46,982,633 units held (30 June 2015: 46,982,633)	489,639	476,512

## 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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 Funds financial assets which are measured at fair value:



# NAFA GOVERNMENT SECURITIES LIQUID FUND

Assets	As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Investment in securities - at fair value through profit or loss	-	3,000,828	-	3,000,828

Assets	As at June 30, 2015			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Investment in securities - at fair value through profit or loss	-	3,024,546	-	3,024,546

There was no transfer between levels during the period.

There were no changes in valuation techniques during the period.

The Fund has not disclosed the fair values of all other financial assets and financial liabilities as their carrying amounts are reasonable approximation of their fair values.

## 17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on February 26, 2016 by the Board of directors of the Management Company.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



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

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