



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

## NAFA GOVERNMENT SECURITIES LIQUID FUND

# QUARTERLY REPORT

**March  
31 2017**




*Your investments & "NAFA" grow together*



**FULLERTON FUND  
MANAGEMENT**

*Joint - Venture Partners*

## MISSION STATEMENT



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

## Contents

FUND'S INFORMATION	03
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	09
CONDENSED INTERIM INCOME STATEMENT	10
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	11
CONDENSED INTERIM DISTRIBUTION STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
CONDENSED INTERIM CASH FLOW STATEMENT	14
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	15

# 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. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director
Mr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Lui Mang Yin (Martin Lui)	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Humayun Bashir	Director

### Company Secretary & COO

Mr. Muhammad Murtaza Ali

### Chief Financial Officer

Mr. Khalid Mehmood

### Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Aamir Sattar	Member

### Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Lui Mang Yin (Martin Lui)	Member
Mr. Abdul Hadi Palekar	Member

### Trustee

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

### Bankers to the Fund

Allied Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
NIB Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Summit Bank Limited  
Sindh Bank Limited  
Samba Bank Limited  
Zarai Taraqiati Bank Limited  
Askari Bank Limited  
MCB Bank Limited  
Soneri Bank Limited  
Faysal Bank Limited

## **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 unaudited financial statements of **NAFA Government Securities Liquid Fund (NGSLF)** for the period ended March 31, 2017.

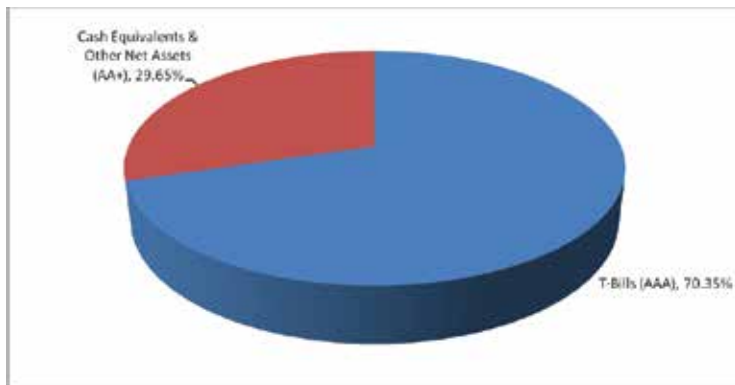
### Fund's Performance

The size of NAFA Government Securities Liquid Fund has increased from Rs. 3,172 million to Rs. 6,376 million during the period (i.e. a significant growth of 101%). During the period, the unit price of the Fund has increased from Rs. 10.1464 on June 30, 2016 to Rs. 10.7861 on March 31, 2017, thus showing a return of 8.4% as compared to the benchmark return of 5.3% 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, State Bank of Pakistan (SBP) maintained the discount rate and policy rate at 6.25% and 5.75% respectively. The improved interbank liquidity conditions (due to net government retirement and increase in bank deposits) were well calibrated through the open market operations – keeping the weighted average overnight repo rate close to the policy rate. However, long-term sovereign yields witnessed an average increase of around 60 basis points, indicating investors' demand for higher term premium. CPI on year-on-year basis was recorded at 4.01% in 9MFY17 as compared to 2.64% in corresponding period last year.

The Fund has earned total income of Rs. 422.576 million during the period. After deducting expenses of Rs. 44.423 million, the net income is Rs. 378.153 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: April 28, 2017  
Place: Karachi.

## ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز نے 31 مارچ 2017ء کو ختم ہونے والی مدت کے لیے NAFA گورنمنٹ سیکورٹیز لیکویڈ فنڈ (NGSLF) کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### فنڈ کی کارکردگی

NAFA گورنمنٹ سیکورٹیز لیکویڈ فنڈ کا ساؤتھ اسیٹ منجمنٹ کے دوران 31 مارچ 2017ء کو ختم ہونے والی مدت کے دوران 3,172 ملین روپے سے 6,376 ملین روپے تک اضافہ ہوا ہے، یعنی 101% کا نمایاں اضافہ۔ اس مدت کے دوران پونٹ کی قیمت 30 جون 2016ء کو 10.1464 روپے سے 31 مارچ 2017ء کو 10.7861 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لیے اپنے ہینج مارک منافع 5.3% کے مقابلے میں 8.4% کا منافع درج کر لیا۔ فنڈ کی کارکردگی منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

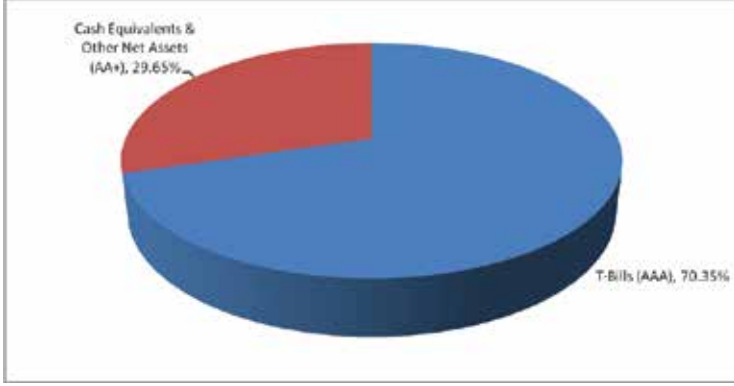
NGSLF کو PACRA کی طرف سے دی گئی اسٹیبلٹی ریٹنگ 'AAA(f)' ہے۔ یہ ریٹنگ فنڈ کے غیر معمولی مستحکم کریڈٹ اور سیالیت پر فائل کی عکاسی کرتی ہے۔ T بلز اس فنڈ کی بڑی ایسیٹ کلاس ہیں۔ مجموعی پورٹ فولیو کی 45 دن کی اوسط مچھوڑی کے ساتھ گورنمنٹ سیکورٹیز (T بلز) میں کم از کم 70% انویسٹمنٹ کے ساتھ فنڈ کے کریڈٹ، سیالیت اور سود کی شرح 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 بینکوں/DFIs میں انویسٹ کرنے کی اجازت ہے۔

زیر جائزہ مدت میں اسٹیٹ بینک آف پاکستان (SBP) نے ڈسکاؤنٹ ریٹ اور پالیسی ریٹ بالترتیب 6.25% اور 5.75% کی شرح پر برقرار رکھا۔ بہتر انٹریٹ سیالیت کی صورتحال (نیٹ گورنمنٹ ریٹائرمنٹ اور بینک ڈپازٹس میں اضافہ کے سبب) کی قدر و قیمت کا اوپن مارکیٹ آپریشنز کے ذریعہ بہتر تعین کیا گیا۔ جبکہ ریپو کے ریٹ کی شرح کی قدر کو پالیسی ریٹ سے قریب تر رکھا گیا۔ تاہم طویل المعیاد بہترین نتائج میں تقریباً 60 بنیادی پوائنٹس کا اوسط اضافہ ہوا، جس سے سرمایہ کاروں کی زیادہ مدت کے پریمیم کی طلب کا مظاہرہ ہوا۔ مالی سال 2017ء کے نو ماہ میں سال بہ سال بنیاد پر CPI کا 4.01% ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 2.64% تھا۔

فنڈ نے اس مدت کے دوران 422,576 ملین روپے کی مجموعی منافع دیا۔ 44,423 ملین روپے کے اخراجات منہا کرنے کے بعد خالص منافع 378.153 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



## اظہارِ تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہارِ تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور ٹرسٹی کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراجِ تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز  
NBP فلٹن ایسٹ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

28 اپریل 2017ء

مقام: کراچی

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2017

	Note	31 March 2017 Unaudited	30 June 2016 Audited
(Rupees in '000)			
<b>ASSETS</b>			
Bank balances		6,459,970	3,487,801
Investments	4	4,485,570	542,065
Profit receivable		664	661
Receivable against conversion of units		-	22,735
Advance, prepayment and other receivable		10,289	7,176
<b>Total assets</b>		<b>10,956,493</b>	<b>4,060,438</b>
<b>LIABILITIES</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company		52,818	51,156
Payable to Central Depository Company of Pakistan Limited - Trustee		562	421
Payable to Securities and Exchange Commission of Pakistan		2,847	4,311
Payable on redemption of units		17,926	-
Payable against conversion of units		-	673,634
Payable against purchase of investment		4,487,745	-
Accrued expenses and other liabilities		18,481	153,529
Dividend payable		-	5,439
<b>Total liabilities</b>		<b>4,580,379</b>	<b>888,490</b>
<b>NET ASSETS</b>		<b>6,376,114</b>	<b>3,171,948</b>
Unit Holders' Funds (as per statement attached)		6,376,114	3,171,948
<b>Contingencies and Commitments</b>	6	(Number of units)	
Number of units in issue		591,140,750	312,616,936
		(Rupees)	
Net asset value per unit		10.7861	10.1464

The annexed notes 1 to 11 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 MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

Note	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
-----Rupees in '000-----				
<b>INCOME</b>				
Capital (loss) on sale of investments - net	(225)	(159)	(51)	-
Income from government securities	183,581	216,904	63,707	43,047
Income from money market placements	-	18,699	-	7,192
Profit on bank deposits	49,718	73,875	17,948	25,201
Reversal of provision for Workers' Welfare Fund	108,260	-	108,260	-
Net unrealised (diminution) / appreciation in the value of investments classified as 'financial assets at fair value through profit or loss'	(2,175)	(950)	(480)	1,178
<b>Total Income</b>	<b>339,159</b>	<b>308,369</b>	<b>189,384</b>	<b>76,618</b>
<b>EXPENSES</b>				
Remuneration of the Management Company	19,881	38,340	7,061	6,278
Sindh sales tax on remuneration of the Management Company	2,585	6,226	918	1,019
Federal Excise Duty on remuneration to Management	-	6,134	-	1,004
Remuneration of the Trustee	3,410	3,868	1,195	1,004
Sindh sales tax on remuneration of Trustee	443	542	155	141
Annual fee - Securities and Exchange Commission of Pakistan	2,847	3,309	1,010	819
Accounting and operational charges to the Management Company	3,796	1,539	1,346	1,091
Securities transaction cost	81	209	18	35
Bank charges	76	371	(25)	96
Annual listing fee	41	30	13	10
Rating fee	280	254	100	86
Auditors' remuneration	519	412	119	112
Legal and professional charges	30	10	18	10
Printing Charges	4	96	3	76
Provision for Sindh Workers' Welfare Fund - previous years	2,713	-	2,713	-
<b>Total Expenses</b>	<b>36,706</b>	<b>61,340</b>	<b>14,644</b>	<b>11,781</b>
<b>Net income from operating activities</b>	<b>302,453</b>	<b>247,029</b>	<b>174,740</b>	<b>64,837</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	83,417	(42,966)	87,452	39,433
Provision for Sindh Workers' Welfare Fund	(7,717)	-	(7,717)	-
<b>Net income for the period before taxation</b>	<b>378,153</b>	<b>204,063</b>	<b>254,475</b>	<b>104,270</b>
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	<b>378,153</b>	<b>204,063</b>	<b>254,475</b>	<b>104,270</b>

The annexed notes 1 to 11 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	-----Rupees in '000-----			
Net income for the period after taxation	378,153	204,063	254,475	104,270
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>378,153</u>	<u>204,063</u>	<u>254,475</u>	<u>104,270</u>

The annexed notes 1 to 11 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 MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	-----Rupees in '000-----			
<b>Undistributed income brought forward</b>				
- Realised income	86,890	86,154	212,173	187,416
- Unrealised (loss)	(90)	(659)	(1,695)	(2,128)
	<u>86,800</u>	<u>85,495</u>	<u>210,478</u>	<u>185,288</u>
Net income for the period after taxation	378,153	204,063	254,475	104,270
Undistributed income carried forward	<u>464,953</u>	<u>289,558</u>	<u>464,953</u>	<u>289,558</u>
<b>Undistributed income carried forward comprising:</b>				
- Realised gain	467,128	290,508	465,433	288,380
- Unrealised (loss) / income	(2,175)	(950)	(480)	1,178
	<u>464,953</u>	<u>289,558</u>	<u>464,953</u>	<u>289,558</u>

The annexed notes 1 to 11 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 MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	-----Rupees in '000-----			
Net assets at the beginning of the period	3,171,948	7,013,455	4,734,277	3,723,517
Issue of 862,945,808 units (March 31, 2016: 1,121,139,715 units)	9,018,702	11,472,580	3,384,022	2,120,128
Redemption of 584,421,994 units (March 31, 2016: 1,344,019,544 units)	(6,109,272) 2,909,430	(13,776,060) (2,303,480)	(1,909,208) 1,474,814	(951,478) 1,168,650
Net unrealised (diminution) / appreciation in the value of investments classified as 'financial assets at fair value through profit or loss'	(2,175)	(950)	(480)	1,178
Capital (loss) on sale of investments - net	(225)	(159)	(51)	-
Other income (net of expenses)	380,553	205,172	255,006	103,092
Net income for the period	378,153	204,063	254,475	104,270
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(83,417)	42,966	(87,452)	(39,433)
<b>Net assets at the end of the period</b>	<u>6,376,114</u>	<u>4,957,004</u>	<u>6,376,114</u>	<u>4,957,004</u>

The annexed notes 1 to 11 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 MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
-----Rupees in '000-----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period	378,153	204,063	254,475	104,270
<b>Adjustments</b>				
Net unrealised diminution / (appreciation) in the value of investments classified as 'financial assets at fair value through profit or loss'	2,175	950	480	(1,178)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(83,417)	42,966	(87,452)	(39,433)
	296,911	247,979	167,503	63,659
<b>(Increase) / decrease in assets</b>				
Investments	(3,945,680)	540,492	(988,861)	1,018,902
Profit receivable	(3)	1,055	452	11,714
Advance, prepayment and other receivable	(3,113)	501	6,694	364
	(3,948,796)	542,048	(981,715)	1,030,980
<b>Increase / (decrease) in liabilities</b>				
Payable to NBP Fullerton Asset Management Limited - Management Company	1,662	417	1,682	430
Payable to Central Depository Company of Pakistan Limited - Trustee	141	(100)	78	102
Payable to Securities and Exchange Commission of Pakistan	(1,464)	(4,227)	1,010	818
Payable against purchase of investment	4,487,745	998,265	988,861	(2,000,196)
Accrued expenses and other liabilities	(135,048)	(12,065)	(115,533)	3,469
	4,353,036	982,290	876,098	(1,995,377)
<b>Net cash Inflow / (outflow) from operating activities</b>	701,151	1,772,317	61,886	(900,738)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	9,041,437	13,987,028	3,384,022	2,120,128
Payments on redemption of units	(6,764,980)	(13,806,452)	(1,891,282)	(951,327)
Distribution paid	(5,439)	(278,346)	-	-
<b>Net cash inflow / (outflow) from financing activities</b>	2,271,018	(97,770)	1,492,740	1,168,801
Net increase in cash and cash equivalents during the period	2,972,169	1,674,547	1,554,626	268,063
Opening balance of cash and cash equivalents	3,487,801	1,962,658	4,905,344	3,369,142
<b>Cash and cash equivalents at the end of the period</b>	<u>6,459,970</u>	<u>3,637,205</u>	<u>6,459,970</u>	<u>3,637,205</u>

The annexed notes 1 to 11 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 MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2017

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Government Securities Liquid Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as 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 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 'AM1' w.e.f April 21, 2017 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, 2016.

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, 2017.

### 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, 2016.



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 4 INVESTMENTS

31 March 2017  
Note Unaudited  
30 June 2016  
Audited  
(Rupees in '000)

At fair value through profit or loss - held for trading  
Government securities - Market Treasury Bills

4.1 4,485,570 542,065  
4,485,570 542,065

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

Issue date	Tenor	Face Value			As at 31 March 2017	Market value as at 31 March 2017	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2016	Purchased during the period	Sold / matured during the period				
-----Rupees in '000----- %-----								
Market Treasury Bills								
6-Aug-15	12 Months	44,000	1,000,000	1,044,000	-	-	-	-
20-Aug-15	12 Months	-	3,300,000	3,300,000	-	-	-	-
3-Sep-15	12 Months	-	1,000,000	1,000,000	-	-	-	-
29-Oct-15	12 Months	-	1,300,000	1,300,000	-	-	-	-
21-Jan-16	12 Months	-	1,165,620	1,165,620	-	-	-	-
4-Feb-16	12 Months	-	36,000	36,000	-	-	-	-
17-Mar-16	12 Months	-	2,500,000	2,500,000	-	-	-	-
12-May-16	3 Months	-	100,000	100,000	-	-	-	-
12-May-16	6 Months	-	280,000	280,000	-	-	-	-
21-Jan-16	6 Months	500,000	650,000	1,150,000	-	-	-	-
21-Jul-16	3 Months	-	400,000	400,000	-	-	-	-
11-Jul-16	3 Months	-	2,630,500	2,630,500	-	-	-	-
18-Aug-16	3 Months	-	5,636,000	5,636,000	-	-	-	-
1-Sep-16	3 Months	-	875,000	875,000	-	-	-	-
4-Aug-16	3 Months	-	1,191,000	1,191,000	-	-	-	-
15-Oct-15	12 Months	-	1,310,000	1,310,000	-	-	-	-
27-Oct-16	3 Months	-	3,524,700	3,524,700	-	-	-	-
10-Nov-16	3 Months	-	4,025,000	4,025,000	-	-	-	-
26-May-16	6 Months	-	900,000	900,000	-	-	-	-
24-Nov-16	3 Months	-	1,200,000	1,200,000	-	-	-	-
9-Jun-16	6 Months	-	2,195,000	2,195,000	-	-	-	-
8-Dec-16	3 Months	-	2,436,500	2,436,500	-	-	-	-
23-Jun-16	6 Months	-	1,470,000	1,470,000	-	-	-	-
14-Apr-16	12 Months	-	1,000,000	1,000,000	-	-	-	-
13-Oct-16	3 Months	-	600,000	600,000	-	-	-	-
11-Jul-16	6 Months	-	3,950,000	3,950,000	-	-	-	-
4-Aug-16	6 Months	-	447,000	447,000	-	-	-	-
1-Sep-16	6 Months	-	977,000	977,000	-	-	-	-
2-Feb-17	3 Months	-	1,000,000	1,000,000	-	-	-	-
18-Aug-16	6 Months	-	1,000,000	1,000,000	-	-	-	-
15-Sep-16	6 Months	-	1,716,800	1,716,800	-	-	-	-
22-Dec-16	3 Months	-	1,000,000	1,000,000	-	-	-	-
31-Mar-16	12 Months	-	150,000	150,000	-	-	-	-
5-Jan-16	3 Months	-	25,000	25,000	-	-	-	-
29-Sep-16	6 Months	-	225,000	225,000	-	-	-	-
19-Jan-17	3 Months	-	8,985,000	4,490,000	4,495,000	4,485,570	70.35	100.00
Total as at March 31, 2017		544,000	60,201,120	56,250,120	4,495,000	4,485,570	70.35	100.00

Carrying Value before fair value adjustment as at March 31, 2017

4,487,745

## 5 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution. The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. The MUFAP reviewed the issue and based on an opinion decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. The MUFAP wrote to the SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. The SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. The MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP has recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against the Federal WWF held by the CISs till June 30, 2015, to be reversed on January 12, 2017; and
- the provision in respect of Sindh WWF should be made on January 12, 2017 with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 1, 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded these adjustments in its books on January 12, 2017.

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs. 10.43 Million, if the same were not been made, the NAV per unit of the scheme would have been higher by Rs 0.0176.

## 6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2017 and June 30, 2016.

## 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 ninety percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision for taxation has been made in this condensed interim financial information.

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.

## 8 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.17% p.a. including 0.43% representing government levies on Collective Investment scheme such as Sales tax, Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

## 9 TRANSACTIONS WITH CONNECTED PERSONS

- 9.1 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.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

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

	Nine month ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>-----Rupees in '000-----</b>				
<b>NBP Fullerton Asset Management Company Limited - Management Company</b>				
Management fee expense for the period	19,881	38,340	7,061	6,278
Sindh sales tax on remuneration of the Management Company	2,585	6,226	918	1,019
Federal Excise Duty on remuneration to Management	-	6,134	-	1,004
Accounting and operational charges to the Management Company	3,796	1,539	1,346	1,091
Units issued: Nil (March 31, 2016: 7,181,054 units)	-	73,662	-	-
Units redeemed: Nil (March 31, 2016: 13,692,744 units)	-	141,013	-	-
<b>National Bank of Pakistan - Sponsor</b>				
T-Bills purchased during the period	8,126,369	1,697,849	3,739,210	1,697,849
T-Bills sold during the period	247,466	-	-	-
Payment against redemption of units	-	3,689,732	-	-
Bank profit earned by the fund on deposit in saving account	263	30	263	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee for the period	3,410	3,868	1,195	1,004
Sindh sales tax on remuneration of Trustee	443	542	155	141
<b>Chief Executive Officer</b>				
Units redeemed: Nil (March 31, 2016: 9,568 units)	-	214	-	64
<b>Chief Financial Officer</b>				
Units redeemed: 36,402 units (March 31, 2016: 162,221 units)	372	1,675	-	350
<b>Company Secretary / Chief Operating Officer</b>				
Units redeemed: 62,637 units (March 31, 2016: 9,569 units)	641	100	-	100
<b>Employees of the Management Company</b>				
Units issued: 203,554 units (March 31, 2016: 343,432 units)	2,104	3,518	-	270
Units redeemed: 272,561 units (March 31, 2016: 401,586 units)	2,819	4,126	83	256
<b>Cherat Cement Company Limited</b>				
Units issued/ transfer in: Nil units (March 31, 2016: 11,051,126 units)	-	112,278	-	-
Units redeemed/ transfer out: Nil units (March 31, 2016: 22,088,364 units)	-	224,735	-	-
<b>NBP Endowment Funds Students Loan Scheme</b>				
Units redeemed: Nil units (March 31, 2016: 242,850 units)	-	2,500	-	-
<b>NBP Exchange Company Limited</b>				
Units redeemed: Nil units (March 31, 2016: 4,926,691 units)	-	50,000	-	-
<b>NBP Leasing Limited Employees Provident Fund</b>				
Units redeemed/ transfer out: Nil units (March 31, 2016: 49,970 units)	-	521	-	-
<b>NAFA Savings Plus Fund</b>				
T-Bills purchased during the period	29,952	-	-	-
<b>Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund</b>				
Market Treasury Bills purchased	5,679	34,255	-	-
Market Treasury Bills sold	-	2,490	-	-
<b>Mutual Fund Association of Pakistan - MUFAP</b>				
Units issued: 588,766 units (March 31, 2016: 539,332 units)	6,000	5,500	-	-
Units redeemed: 235,173 units (March 31, 2016: 527,576 units)	2,500	5,450	2,500	-

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	Nine month ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
-----Rupees in '000-----				
<b>Thal Limited Employees Provident Fund</b>				
Market Treasury Bills purchased	11,884	12,005	-	-
Market Treasury Bills sold	-	3,983	-	-
<b>Thal Limited Employees Retirement Benefit Fund</b>				
Market Treasury Bills purchased	3,487	-	3,487	-
<b>NAFA Income Opportunity Fund</b>				
Market Treasury Bills purchased	324,495	239,491	-	239,491
Market Treasury Bills sold	68,308	-	68,308	-
<b>Summit Bank Limited</b>				
Market Treasury Bills purchased	997,742	-	997,742	-
<b>Thall Limited - Treasury Division</b>				
Units issued: 14,360,773 units (March 31, 2016: 14,775,413 units)	149,109	150,000	149,109	150,000
Units redeemed: Nil (March 31, 2016: 9,638,668 units)	-	100,000	-	100,000
Market Treasury Bills purchased	-	4,972	-	4,972
Market Treasury Bills sell	-	3,983	-	3,983
<b>NAFA Government Securities Saving Fund</b>				
Market Treasury Bills purchased	47,634	178,381	1	-
<b>Byco Oil Pakistan Limited- Employee Provident Fund</b>				
Market Treasury Bills purchased	-	20,944	-	-
Units issued: 262,237 units (March 31, 2016: 223,155 units)	2,708	2,333	-	2,333
Units redeemed: Nil (March 31, 2016: 223,155 units)	-	2,338	-	2,338
<b>Byco Petroleum Pakistan Limited –Employee Provident Fund</b>				
Market Treasury Bills purchased	-	33,411	-	-
Units issued: 1,329,585 units (March 31, 2016: 529,575 units)	13,729	5,543	-	4,802
Units redeemed: Nil (March 31, 2016: 529,575 units)	-	5571	-	5,571
<b>NAFA Money Market Fund</b>				
Market Treasury Bills purchased	-	246,978	-	-
Market Treasury Bills sell	-	895,370	-	-
<b>NAFA Income Fund</b>				
Market Treasury Bills purchased	29,952	-	-	-
<b>* Indus Motor Company Limited</b>				
Units issued: Nil units (March 31, 2016: 194,852,954 units)	-	2,000,000	-	750,000
Units redeemed: Nil units (March 31, 2016: 123,212,191 units)	-	1,283,378	-	283,378
<b>Arif Ahmed</b>				
Units issued: 2,448,216 units (March 31, 2016: Nil units)	25,400	-	25,400	-
Units redeemed: 2,448,216 units (March 31, 2016: Nil units)	25,416	-	25,416	-
<b>Faruque Private Limited</b>				
Units issued: 927,429 units (March 31, 2016: Nil units)	10,000	-	10,000	-

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	31 March 2017 Unaudited	30 June 2016 Audited
<b>9.6 Amounts outstanding as at period / year end</b>	----- (Rupees in '000) -----	
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Receivable from the Management Company	-	6,980
Management remuneration payable	2,871	2,151
Sindh Sales Tax payable	372	350
Federal Excise Duty payable	45,779	45,779
Accounting and operational charges to the Management Company	3,796	2,876
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration	497	369
Sindh Sales Tax	65	52
<b>National Bank of Pakistan - Sponsor</b>		
Balance in current account	1,215	304
Balance in savings account	2,964	5,266
<b>Company Secretary &amp; Chief Operating Officer</b>		
Units held: 147,836 (30 June 2016: 62,637 units)	1,595	636
<b>Chief Financial Officer</b>		
Nil units held (30 June 2016: 36,402 units)	-	369
<b>Employees of the Management Company</b>		
4,309 units held (30 June 2016: 73,316 units)	46	744
<b>Mutual Funds Association Of Pakistan - Associated Companies</b>		
353,593 units held (30 June 2016: Nil units)	3,814	-
<b>NBP Employees Pension Fund</b>		
17,785,249 units held (30 June 2016: 17,785,249 units)	191,833	180,456
<b>NBP Endowment Funds Students Loan Scheme</b>		
12,259,977 units held (30 June 2016: 12,259,978 units)	132,237	124,395
<b>NBP Leasing Limited Employees Provident Fund</b>		
458,302 units held (30 June 2016: 458,302 units)	4,943	4,650
<b>Summit Bank Limited</b>		
Balance in Current Account	9,079	8,703
<b>Thal Limited-Treasury Division - Related Party</b>		
14,360,773 units held (30 June 2016: Nil units)	154,899	-
<b>Byco Petroleum Pakistan Limited –Employee Provident Fund</b>		
1,329,585 units held (30 June 2016: Nil units)	14,341	-
<b>Byco Oil Pakistan Limited- Employee Provident Fund</b>		
262,237 units held (30 June 2016: Nil units)	2,829	-
<b>Faruque Private Limited</b>		
927,429 units held (30 June 2016: Nil units)	10,003	-
<b>NAFA Money Market Fund</b>		
Net (payable) against conversion of units	-	(567,951)

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	31 March 2017 Unaudited	30 June 2016 Audited
	----- (Rupees in '000) -----	
<b>NAFA Savings Plus Fund</b>		
Net (payable) against conversion of units	-	(14,778)
<b>NAFA Islamic Aggressive Income Fund</b>		
Net (payable) against conversion of units	-	(90,905)
<b>NAFA Islamic Energy Fund</b>		
Net receivable against conversion of units	-	5,171
<b>NAFA Stock Fund</b>		
Net receivable against conversion of units	-	715
<b>NAFA Financial Sector Income Fund</b>		
Net receivable against conversion of units	-	15,437
<b>NAFA Islamic Asset Allocation Fund</b>		
Net receivable against conversion of units	-	1,412
<b>* K &amp; N's Foods Private Limited</b>		
Nil units held (30 June 2016: 48,997,236 units)		497,146
<b>Pioneer Cement Limited</b>		
129,172,445 units held	1,393,267	N/A

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

## 10 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Management Company on 28 April 2017.

## 11 GENERAL

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

11.2 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.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



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

## Head Office

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