



NBP FUNDS

Managing Your Savings

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NAFA GOVERNMENT SECURITIES LIQUID FUND

**QUARTERLY
REPORT
SEPTEMBER
30, 2018**



MISSION STATEMENT

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

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NAFA GOVERNMENT SECURITIES LIQUID FUND

FUND'S INFORMATION

Management Company

NBP Fund Management Limited - Management Company

Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Humayun Bashir	Director
Mr. Wajahat Rasul Khan	Director

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member
Mr. Humayun Bashir	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Mr. Humayun Bashir	Member

Strategy & Business Planning Committee

Mr. Humayun Bashir	Chairman
Mr. Tariq Jamali	Member
Mr. Shehryar Faruque	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member

Trustee

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

Bankers to the Fund

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

NAFA GOVERNMENT SECURITIES LIQUID FUND

Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan

Legal Advisor

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: 021 (111-111-632),
(Toll Free): 0800-20002,
Fax: (021) 35825329
Website: www.nbpffunds.com

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
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 Fund Management Limited is pleased to present the unaudited Condensed Interim financial statements of **NAFA Government Securities Liquid Fund (NGSLF)** for the quarter ended September 30, 2018.

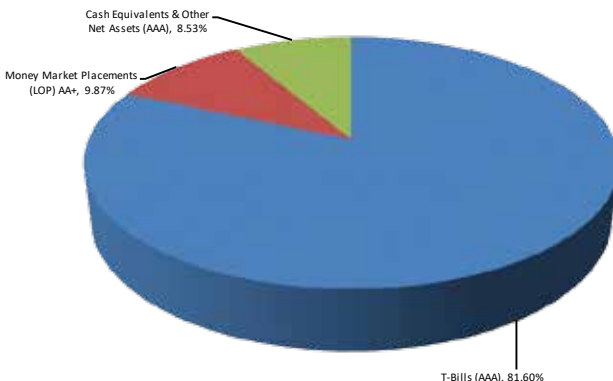
Fund's Performance

The size of NAFA Government Securities Liquid Fund has decreased from Rs. 5,791 million to Rs. 4,863 million during the quarter, i.e. a fall of 16%. During the period under review, the unit price of the Fund has increased from Rs. 10.1619 (Ex-Div) on June 30, 2018 to Rs. 10.3309 on September 30, 2018; thus posting a return of 6.6%, in line with its Benchmark return of 6.6%. The performance of the Fund is net of management fee and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. NGSLF is the largest Fund in Pakistan in this rating category. 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 risks are exceptionally low due a minimum 70% investment in Government securities (T-Bill) with average maturity of the overall portfolio at 45 days. The Fund is allowed to invest in AA & above rated Banks/DFIs with maximum maturity of six months.

During the period under review, the SBP hiked the discount rate by 200 basis points to 9% driven by upside risks to inflation and to rein in demand pressures to address ballooning current account deficit coupled with dwindling FX reserves. Average CPI inflation increased to 5.6% in Jul-Sep FY19 compared to 3.4% during the same period last year owing to increased international oil prices & its pass-through impact, higher regulatory duty on imports, depreciating Pak rupee, and excessive reliance of the government on the banking system for fiscal financing amid shrinking Net Foreign Assets (NFA). Given potential upside risks to inflation and interest rates, investors' preference remained tilted towards short-term government securities as indicated by heavy participation in 3-month T-bills. The sovereign securities responded to the hike in the policy rates, as the yield curve witnessed an upward shift with yield on short-term T-Bills increasing by 136-142 basis points, whereas 3-year, 5-year, and 10-year PIBs yields moved up by 98 basis points, 77 basis points, and 102 basis points, respectively.

The Fund has earned a total income of Rs. 106.02 million during the year. After deducting total expenses of Rs. 15.48 million, the net income is Rs. 90.54 million. The asset allocation of NAFA Government Securities Liquid Fund as on September 30, 2018 is as follows:



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 Fund Management Limited

Chief Executive

Director

Date: October 30, 2018
Place: Karachi.

ڈائریکٹرز رپورٹ

این بی بی فنڈ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز NAFA گورنمنٹ سیکورٹیز لیکوئیڈ فنڈ (NGSLF) کی 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے لیے کنڈینسڈ غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

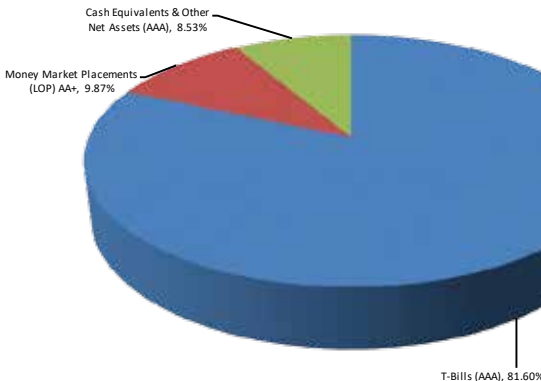
فنڈ کی کارکردگی

NAFA گورنمنٹ سیکورٹیز لیکوئیڈ فنڈ (NGSLF) کا فنڈ سائز اس سہ ماہی کے دوران 5,791 ملین روپے سے گھٹ کر 4,863 ملین روپے ہو گیا ہے، یعنی تقریباً 16% کی کمی۔ زبر جائزہ مدت کے دوران پونٹ کی قیمت 30 جون 2018 کو 10.1619 روپے (Ex-Div) سے بڑھ کر 30 ستمبر 2018 کو 10.3309 روپے تک پہنچ چکی ہے، لہذا اسی مدت کے لیے فنڈ نے اپنے شیئنگ مارک منافع 6.6% کے ساتھ 6.6% کا منافع درج کر لیا۔ فنڈ کا منافع منجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NGSLF کو PACRA کی طرف سے دی گئی مستحکم ریٹنگ 'AAA(f)' ہے۔ NGSLF پاکستان میں اس ریٹنگ کٹیگری میں سب سے بڑا فنڈ ہے۔ یہ ریٹنگ فنڈ کے غیر معمولی مستحکم کریڈٹ اور لیکوئیڈٹی پر وفا کی عکاسی کرتی ہے۔ T بلز اس فنڈ کی بڑی ایسیٹ کلاس ہیں۔ مجموعی پورٹ فولیو کی 45 دن کی اوسط میچورٹی کے ساتھ گورنمنٹ سیکورٹیز (T بلز) میں کم از کم 70% سرمایہ کاری کے ساتھ فنڈ کے کریڈٹ، لیکوئیڈٹی اور انٹرسٹ ریٹ کے خطرات کی زد میں آنے کے امکانات نہ ہونے کے برابر ہیں۔ فنڈ کو زیادہ سے زیادہ چھ ماہ کی میچورٹی کے ساتھ AA یا زائد ریٹنگ والے بیبلوں DFIs میں سرمایہ کاری کرنے کی اجازت ہے۔

زبر جائزہ مدت کے دوران بڑھتے ہوئے اکاؤنٹ کے خسارے کی روک تھام کے لئے افراط زر میں خدشات کے پیش نظر اور زرمبادلہ کے ذخائر میں کمی کے باعث اسٹیٹ بینک آف پاکستان نے پالیسی کی شرح 200 بیس پوائنٹ اضافے کے ساتھ 9% کر دی۔ جولائی - ستمبر ماہی سال 19 میں اوسط CPI افراط زر میں 5.6% کا اضافہ ہوا جب کہ اس کے مقابلے میں گزشتہ سال اسی مدت میں 3.4% کا اضافہ ہوا تھا اس کی وجہ بین الاقوامی تیل کی قیمتوں میں اضافہ اور اس کے اثرات، درآمدات پر ریگولیشن ڈیوٹی میں اضافہ، پاکستانی روپے کی قدر میں کمی اور خالص غیر ملکی اثاثہ جات میں کمی کے ساتھ ساتھ مالی فنانسنگ کے لئے حکومت کا بینکنگ کے شعبہ پر بہت زیادہ انحصار کرنا تھا۔ افراط زر کے خدشات اور شرح سود میں اضافہ کے پیش نظر سرمایہ کاروں نے حکومت کی قلیل المدت سیکورٹیز کو ترجیح دی جس کا اندازہ 3-month ٹی بلز میں ان کی بھاری تعداد میں شرکت سے ہوتا ہے۔ پالیسی کی شرح میں اضافہ سے بڑی سیکورٹیز پر نمایاں اثر پڑا اور قلیل المدت ٹی بلز کے نتائج میں 142-136 بیس پوائنٹ کا اضافہ ہوا جبکہ 3 سال، 5 سال اور 10 سال کے PIBs میں بالترتیب 98 بیس پوائنٹ، 77 بیس پوائنٹ اور 102 بیس پوائنٹ کا اضافہ ہوا۔

NAFA گورنمنٹ سیکورٹیز لیکوئیڈ فنڈ (NGSLF) نے اس سال کے دوران 106.02 ملین روپے کا مجموعی آمدنی کمائی۔ 15.48 ملین روپے کے اخراجات منہا کرنے کے بعد خالص آمدنی 90.54 ملین روپے رہی۔ NAFA گورنمنٹ سیکورٹیز لیکوئیڈ فنڈ (NGSLF) کی ایسیٹ ایکسیشن 30 ستمبر 2018 کو برطابق ذیل ہے:



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجنت کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سیکورٹیز اینڈ اینڈاؤمنٹ کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

NBP فنڈ منجنت لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

تاریخ

30 اکتوبر 2018ء

مقام: کراچی

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2018

	Un-Audited September 30, 2018	Audited June 30, 2018
Note	(Rupees in '000)	
ASSETS		
Bank balances	472,572	5,847,133
Investments	4,448,631	4,085,686
Mark-up accrued	1,512	5,969
Advances and prepayments	10,130	9,978
Receivable against transfer of units	-	453
Total assets	4,932,845	9,949,219
LIABILITIES		
Payable to NBP Fund Management Limited - Management Company	4,349	5,275
Payable to Central Depository Company of Pakistan Limited - Trustee	442	464
Payable to the Securities and Exchange Commission of Pakistan	1,039	3,744
Payable against purchase of Investments	-	4,088,135
Payable against redemption of units	50	26
Accrued expenses and other liabilities	63,651	60,963
Total liabilities	69,531	4,158,607
Net Assets	4,863,314	5,790,612
Unit Holders' Funds (as per statement attached)	4,863,314	5,790,612
Contingencies & Commitments	-	-
Number of units		
Number of units in issue	470,756,174	541,249,141
Rupees		
Net asset value per unit	10.3309	10.6986

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Note	Quarter Ended September 30, 2018	Quarter Ended September 30, 2017
(Rupees in '000)			
INCOME			
(Loss) on sale of investments - net		(160)	127
Income from government securities		84,763	60,093
Income from letter of placements		10,186	-
Income from term deposit receipts		-	285
Profit on bank deposits		12,326	18,702
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(1,097)	(930)
Total Income		106,018	78,277
EXPENSES			
Remuneration to NBP Fund Management Limited - Management Company		8,342	6,653
Sindh Sales Tax on remuneration to Management Company		1,084	865
Remuneration to Central Depository Company of Pakistan Limited - Trustee		1,228	1,149
Sindh Sales Tax on Trustee remuneration		160	149
Accounting and operational expenses		1,385	1,279
Annual fee - Securities and Exchange Commission of Pakistan		1,039	960
Securities transaction cost		7	12
Bank charges		52	56
Annual listing fee		7	14
Auditors' remuneration		196	189
Fund rating fee		110	99
Printing Charges		10	25
Legal fee		8	13
Total Expenses		13,628	11,463
Net income from operating activities		92,390	66,814
Provision for Sindh Workers' Welfare Fund	8	(1,848)	(1,336)
Net income for the period before taxation		90,542	65,478
Taxation	7	-	-
Net income for the period after taxation		90,542	65,478
Earnings per unit	10		
Allocation of Net income for the period:			
Net income for the period after taxation		90,542	65,478
Income already paid on units redeemed		(14,187)	(4,846)
		76,355	60,632
Accounting income available for distribution:			
- Relating to Capital Gains		-	(744)
- Excluding Capital Gains		76,355	61,376
		76,355	60,632

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Quarter Ended September 30, 2018	Quarter Ended September 30, 2017
	(Rupees in '000)	
Net income for the period after taxation	90,542	65,478
Other comprehensive income	-	-
Total comprehensive income for the period	<u>90,542</u>	<u>65,478</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Quarter Ended September 30, 2018	Quarter Ended September 30, 2017
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period before taxation	90,542	65,478
Adjustments:		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	1,097	930
	<u>91,639</u>	<u>66,408</u>
(Increase) / decrease in assets		
Investments	(364,042)	(1,313)
Mark-up accrued	4,457	(1,541)
Advances and prepayments	(152)	86
	(359,737)	(2,768)
(Decrease) / increase in liabilities		
Payable to NBP Fund Management Limited - Management Company	(926)	1,124
Payable to Central Depository Company of Pakistan Limited - Trustee	(22)	(20)
Payable to the Securities and Exchange Commission of Pakistan	(2,705)	(3,000)
Payable against purchase of Investments	(4,088,135)	-
Accrued expenses and other liabilities	2,688	(15,100)
	<u>(4,089,100)</u>	<u>(16,996)</u>
Net cash (used in) / generated from on operating activities	<u>(4,357,198)</u>	<u>46,644</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amounts received against issuance of units	668,525	1,623,191
Payment against redemption of units	(1,503,307)	(942,589)
Distributions paid	(182,581)	(7,189)
Net cash (used in) / generated from financing activities	<u>(1,017,363)</u>	<u>673,413</u>
Net (decrease) / increase in cash and cash equivalents during the period	<u>(5,374,561)</u>	<u>720,057</u>
Cash and cash equivalents at the beginning of the period	5,847,133	4,716,993
Cash and cash equivalents at the end of the period	<u>472,572</u>	<u>5,437,050</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For NBP Fund Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA GOVERNMENT SECURITIES LIQUID FUND

NOTES TO AND FORMING PART OF THIS CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Government Securities Liquid Fund (the Fund) was established under a Trust Deed executed between NBP Fund Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 10 April 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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' 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

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

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

2.2 Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

3 SUMMARY OF ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these unaudited condensed interim financial statements are the same as those applied in the Fund's annual audited financial statements for the year ended June 30, 2018.

IFRS 9: Financial Instruments ("IFRS 9")

Effective July 1, 2018, the Fund adopted IFRS 9, which sets out requirements for recognition and measurement, impairment, derecognition, and general hedge accounting. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Impairment of financial assets is based on an expected credit loss ("ECL") model under IFRS 9, rather than the incurred loss model under IAS 39. However, SECP vide its letter to MUFAP dated November 21, 2017 relaxed the applicability of IFRS 9 impairment requirements for debt securities on mutual funds and deferred it till further instructions. The standard also adds guidance on the classification and measurement of financial liabilities.

There was no material impact of transition to IFRS 9 on the Fund's financial position at July 1, 2018.

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
(Rupees in '000)			
4 INVESTMENTS			
<i>Financial assets 'at fair value through profit or loss'</i>			
Investment in government securities	4.1	3,968,631	4,085,686
<i>At amortized cost (Reclassified)</i>			
Letter of Placements	4.2	480,000	-
		<u>4,448,631</u>	<u>4,085,686</u>

4.1 Investment in government securities

Issue date	Tenor	Face value				Market value as at September 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2018	Purchases during the period	Sales / matured during the period	As at September 30, 2018			
-----Rupees in '000----- % -----								

Market Treasury Bills

26 April 2018	6 Months	4,100,000	5,300,000	9,400,000	-	-	-	-
07 June 2018	6 Months	-	200,000	200,000	-	-	-	-
19 July 2018	6 Months	-	5,095,000	1,117,000	3,978,000	3,968,631	81.60	89.21
						<u>3,968,631</u>	<u>81.60</u>	<u>89.21</u>
						<u>3,969,728</u>		

Carrying value before fair value adjustment as at 30 September 2018

4.2 Letter of Placements

This includes letter of placements placed with Pak Brunei Investment Company Limited at the rate of 8.70% per annum having maturity on October 15, 2018.

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
(Rupees in '000)			
5 ACCRUED EXPENSES AND OTHER LIABILITIES			

Provision for Sindh Workers' Welfare Fund	8	14,045	12,197
Federal Excise Duty on management remuneration		45,779	45,779
Auditors' remuneration		188	529
Brokers		242	239
Bank charges		1	36
Withholding tax		191	269
Capital gain tax		2,606	1,135
Legal charges		38	30
Others		561	749
		<u>63,651</u>	<u>60,963</u>

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2018 and June 30, 2018.

7 TAXATION

The Fund's income is exempt from income tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). The Fund intends to distribute such accounting income for the year ended June 30, 2019 to its unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

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.

NAFA GOVERNMENT SECURITIES LIQUID FUND

8 PROVISION FOR SINDH WORKERS' WELFARE FUND (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

As at September 30, 2018, the provision in relation to SWWF amounted to Rs. 14.045 million (June 30, 2018: Rs. 12.197 million). Had the provision not being made, the net asset value per unit as at September 30, 2018 would have been higher by Rs.0.0298 per unit (June 30, 2018: Rs. 0.0225) per unit.

9 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by Average net assets value for the period) is 1.12% p.a. including 0.30% representing government levies on collective Investment scheme such as Sales tax, Sindh Worker's Welfare Fund and Securities & Exchange Commission of Pakistan fee for the period.

10 Earning per Unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

11 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include NBP Fund Management Limited being the Management Company, 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 ten percent or more units of the Fund.

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

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

The details of significant transactions and balances with connected persons at period are as follows:

	Quarter Ended September 30, 2018	Quarter Ended September 30, 2017
11.1 Details of the transactions with connected persons are as follows:	(Rupees in '000)	
NBP Fund Management Limited - Management Company		
Management fee expense for the period	8,342	6,653
Sindh Sales Tax for the period on management fee	1,084	865
Accounting and operational charges to the Management Company	1,385	1,279
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee for the period	1,228	1,149
Sindh Sales Tax for the period on Trustee fee	160	149

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Quarter Ended September 30, 2018	Quarter Ended September 30, 2017
	(Rupees in '000)	
Employees of the Management Company		
Units issued: 529 units (September 30, 2017: Nil units)	4	-
Units redeemed: 1,964 units (September 30, 2017: Nil units)	20	-
Mr. Muhammad Murtaza Ali - Chief Operating Officer & Company Secretary		
Units issued: 188,646 units (September 30, 2017: Nil units)	1,876	-
Units Redemed: 185,963 units (September 30, 2017: 9,800 units)	1,905	100
NBP Employees Pension Fund		
Units issued: 756,569 units (September 30, 2017: Nil units)	7,695	-
NAFA Provident Fund Trust - Provident Fund		
Units issued: 3,422 units (September 30, 2017: Nil units)	5	-
NBP Endowment Funds Students Loan Scheme		
Units issued: 191,869 units (September 30, 2017: Nil units)	1,951	-
Units Redemed: 1,627,389 units (September 30, 2017: 4,567,425 units)	16,700	46,500
NBP Leasing Limited Employees Provident Fund		
Units Redemed: Nil units (September 30, 2017: 484,01·)	-	4,936
Mutual Fund Association of Pakistan - MUFAP (Common Directorship with the Management Company)		
Units issued: 4,249 units (September 30, 2017: Nil units)	43	-
NAFA Government Securities Saving Fund (CIS managed by management company)		
Market Treasury Bills purchased during the period	-	29,800
Askari Bank Limited (Common Directorship with the Management Company)		
Bank Profit for the year	-	25
** K & N's Foods Private Limited (Unit holder of 10% or more of units of the CIS)		
Units issued: 2,321,104 units (September 30, 2017: Nil units)	23,606	-
** Punjab Police Welfare Fund (Unit holder of 10% or more of units of the CIS)		
Units issued: 35,051,356 units (September 30, 2017: Nil units)	242,144	-
** Pakistan Mobile Communication Limited (Unit holder of 10% or more of units of the CIS)		
Units issued: 13,586,467 units (September 30, 2017: Nil units)	107,806	
Units Redemed: 7,276,230 units (September 30, 2017: Nil units)	74,500	-
	Un-Audited As at September	Audited As at June 30, 2018
11.2 Amounts outstanding as at quarter end	30, 2018	
NBP Fund Management Limited - Management Company		
Management remuneration payable	2,623	2,525
Sindh Sales Tax payable	341	328
Allocation of expenses related to registrar services, accounting, operation and valuation services	1,385	2,422

NAFA GOVERNMENT SECURITIES LIQUID FUND

	Un-Audited As at September 30, 2018	Audited As at June 30, 2018
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	391	411
Sindh Sales Tax payable	51	53
National Bank of Pakistan - Sponsor		
Bank balance	6,866	7,020
Bank profit receivable	95	32
Mr. Muhammad Murtaza Ali - Chief Operating Officer & Company Secretary		
Units held: 131,488 units (30 June 2018: 128,805 units)	1,358	1,378
Employees of the Management Company		
Units held: 9,333 units (30 June 2018: 10,767 units)	96	115
NBP Employees Pension Fund		
Units held: 19,872,224 units (30 June 2018: 19,115,655 units)	205,298	204,511
NAFA Provident Fund Trust - Provident Fund		
Units held: 68,237 units (30 June 2018: 64,815 units)	705	693
NBP Endowment Funds Students Loan Scheme		
Units held: 3,412,296 units (30 June 2018: 4,847,816 units)	35,252	51,865
Byco Petroleum Pakistan Limited - Employees' Provident Fund (Portfolio managed by the Management Company)		
Units held: 1,939,611 units (30 June 2018: Nil units)	19,966	-
Mutual Fund association of Pakistan (Common Directorship with the Management Company)		
Units held: 98,818 units (30 June 2018: 94,569 units)	1,021	1,012
Summit Bank Limited (Common Directorship with the Management Company)		
Bank balance	8,988	8,278
Askari Bank Limited (Common Directorship with the Management Company)		
Bank balance	450	498
Bank profit receivable	7	9
** K & N's Foods Private Limited (Unit holder of 10% or more of units of the CIS)		
54,067,229 units held (30 June 2018: units units)	558,563	-
Faruque Private Limited (Common Directorship with the Management Company)		
Investment held in the Fund: 1,796 units (June 30, 2018: 1,714 units)	19	18

NAFA GOVERNMENT SECURITIES LIQUID FUND

Punjab Police Welfare Fund

(Unit holder of 10% or more of units of the CIS)

Investment held in the Fund: 101,782,038 units (June 30, 2018: 75,444,908 units) **1,051,500** 807,155

Pakistan Mobile Communication Limited

(Unit holder of 10% or more of units of the CIS)

Investment held in the Fund: 73,607,861 units (June 30, 2018: 67,297,625 units) **760,435** 719,990

*** Millat Tractors Ltd**

Nil units held (30 June 2018: 54,158,759 units) **N/A** 579,423

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

** Comparative balances with these parties have not been disclosed as these parties were not related parties in the last term.

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 30, 2018.

13 GENERAL

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

13.2 Corresponding figures have been rearranged or reclassified, where necessary, for the purposes of better presentation. Except mentioned in Note no. 3, no significant rearrangement or reclassification was made in these condensed interim financial statements during the current period.

**For NBP Fund Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

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