



**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Bond Savings Composite**  
**November 4, 2011 through March 31, 2020**

Composite:		UBL Bond Savings Composite		Creation Date:		30-Jun-12	
				Reporting Currency:		Pak Rupees	
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)		
9MFY20	12.3	8	7,678	11.7%	65,809		
FY19	6.0	<5	2,319	4.1	56,767		
FY18	4.6	<5	724	1.0	76,029		
FY17	5.2	<5	732	1.0	76,490		
FY16	12.0	6	1,923	3.6	53,854		
FY15	20.1	<5	1,509	3.5	42,838		
FY14	8.5	<5	555	1.3	41,848		
FY13	11.5	<5	843	2.4	34,638		
FY12*	5.8	<5	535	1.1	47,792		
* Returns since 4 <sup>th</sup> November, 2011							

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### **Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

### **Definition of the Firm**

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

### **Composite Description**

The investment objective of UBL Bond Savings Composite is to provide investors with competitive returns by investing in debt market securities. The composite primarily invests in debt securities. Currently, the composite comprises of nil portfolio as a result of re composition.

### **Note**

Previously, the composite comprised of UBL Retirement Savings Fund-Debt Sub Fund (URSF- DSF), UBL Special Savings Plan-I(USSP-I), UBL Special Savings Plan-II(USSP-II), UBL Special Savings Plan (USSP-III), UBL Special Savings Plan (USSP-IV), UBL Special Savings Plan (USSP-V), UBL Special Savings Plan (USSP-VI) & UBL Special Savings Plan (USSP-VIII) . However, re-composition has done to make it more presentable and as a result UBL Retirement Savings Fund-Debt Sub Fund (URSF- DSF) has transferred into UBL Fixed Income Composite. Accordingly, USSP series has

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transferred in UBL Principal Protected Composite which is presenting all principle protected schemes and mandates. However, this change will apply prospectively and transfer has effective from June 2020.

#### **Benchmark**

Currently no Benchmark has been assigned to UBL Bonds Saving Composite.

#### **List of Composites**

A list of all composite descriptions is available upon request.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fee Schedule**

Management Fee is **1.5% p.a. (URSF-DSF)**, Management Fee is Upto 1.00% (USSP-I), Management Fee is Upto 1.00% (USSP-II), Management Fee is Upto 1.00% (USSP-III), Management Fee is Upto 1.00% (USSP-IV), Management Fee is Upto 1.00% (USSP-VI), Management Fee is Upto 0.1% (USSP-V) & Management Fee is Upto 0.75% (USSP-VIII)

#### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows:

#### **Internal Dispersion**

**For** Rs.100 Million per Fund (which is also the **Portfolio/Fund** minimum regulatory requirement to start a fund)

**For SMA** Rs. 25 Million per Managed Account

Since number of Portfolios in the composite is less than five for the entire (full) year therefore calculation of internal dispersion is not required.

#### **Significant Event**

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1. The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs. 4.7340 million for URSF - DSF as at December 31, 2016.

Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan. Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and

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ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 4.040 million in URSF-DSF as at March 31, 2020.

5. USSP-I has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date November 09, 2018). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 1.11 million.

6. USSP-II has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date February 06, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 1.92 million.

7. USSP-III has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date April 17, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 0.52 million.

8. USSP-IV has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date May 30, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 0.403 million.

9. USSP-V has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date Sep 13, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 8.31 million.

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10. USSP-VI has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date August 05, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 0.273 million.

11. USSP-VIII has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date August 05, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 0.273 million.

#### **Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite as of each year end is as follow;

<b>Year</b>	<b>Composite 3-Yr St Dev (%)</b>
<b>9MFY20</b>	1.05%
<b>FY19</b>	0.68%
<b>FY18</b>	1.01%
<b>FY17</b>	2.22%
<b>FY16</b>	2.32%
<b>FY15</b>	1.01%

#### **Key Assumption for Portfolio valuation**

Following are key assumption used in Portfolio valuation:

##### **Financial instruments**

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All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

**Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

**Proprietary Assets in the Composite**

The Composite does not contain any investment of UBL Fund Managers Limited and UBL Bank Limited (Parent Company of UBL Fund Managers Limited) as at March 31, 2020.

**Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of



the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

**Treatment for Separately Managed Discretionary Account (SMA):**

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment unless any SMA is recognized as tax-exempted by the Commissioner of Income Tax. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.





**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Capital Protected Composite**  
**April 15, 2008 through March 31, 2020**

Composite:		UBL Capital Protected Composite		Creation Date:		15-Apr-10	
				Reporting Currency:		Pak Rupees	
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)		
9MFY20	4.90	0	0	0	65,809		
FY19	3.01	<5	312	0.5	56,767		
FY18	0.49	<5	413	0.5	76,029		
FY17***	1.7	<5	427	0.6	76,490		
FY12**	6.3	<5	0	0	47,792		
FY11	8.0	<5	205	0.8	26,165		
FY10	9.5	<5	787	3.9	19,874		
FY09	4.2	<5	730	3.1	23,777		
FY08*	-1.4	<5	689	2.4	28,400		
*Returns are from April 15, 2008 to June 30, 2008							
**Only surviving portfolio in the composite matured on 22 <sup>nd</sup> May 2012							
*** Returns are from 26 Jan 2017							

**Compliance Statement**

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- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

#### **Definition of the Firm**

UBL Fund Managers Limited is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

#### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

#### **Composite Description**

The investment objective of the UBL Funds Capital Protected Composite is to protect the principal investment of the investors upon maturity by placing a significant portion of the Trust Property as TDR with a minimum AA- rated Bank, and remaining in equity market or any other SECP permitted investments to provide investors with better returns. The composite comprised of nil portfolio due to maturity of UCPF-III.

#### **Benchmark**

No benchmark has been assigned to this composite.

#### **List of Composites**

A list of all composite descriptions is available upon request.

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### Significant Event

1) As a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters and based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgment are very limited), has recommended to all its members on January 12, 2017 to start making the provision of Sindh Workers' Welfare Fund.

Accordingly, only SWWF provision has been recorded in UCPF-III\*. The provision against SWWF has been charged to the tune of Rs. 0.66mn million as at Jan 27, 2020. The fund has matured on this date.

\* Date of Inception: January 26, 2017.

### Fees

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses. (Please refer to Schedule)

### Fee schedule

Management Fee: 0.75% per annum (UCPF-III)

### Minimum Portfolio Size

The Minimum Portfolio size for inclusion in the composite is as follows: <b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a
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	fund)
<b>For SMA</b>	Rs. 25 Million per Managed Account.

#### **Internal Dispersion**

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

#### **Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

<b>Year</b>	<b>Composite 3-Yr St Dev (%)</b>
<b>FY12</b>	2.85

#### **Key Assumption for Portfolio valuation**

Following are key assumption used in Portfolio valuation:

##### **Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

##### **Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

##### **Propriety Assets in the Composite**

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The Composite does not contain any investment of UBL Fund Managers Limited and UBL Bank Limited (Parent Company of UBL Fund Managers Limited) as at March 31, 2020.

**Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax stated, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

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Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

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**GIPS Compliant Presentation**  
**UBL Fund Managers Limited**  
**UBL Commodity Composite**  
**February 13, 2013 through March 31, 2017**

Composite:		UBL Commodity Composite		Creation Date:		13-Feb-13
				Reporting Currency:		Pak Rupees
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)	
9MFY17**	-8.6	<5	0	0	76,490	
FY16	13.6	<5	133	0.2	53,854	
FY15	-6.0	<5	139	0.3	42,838	
FY14	12.9	<5	138	0.3	41,848	
FY'13*	-17.1	<5	140	0.4	34,638	
*Returns are from February 13, 2013 to June 30, 2013						
** The only portfolio in the composite failed to meet the qualification criteria on 13 Mar 2017. Returns are till 12 Mar 2017						

**Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

**Definition of the Firm**

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- (i) All Funds under Management (including investment plans)
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#### **Policies**

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#### **Composite Description**

The investment objective of UBL Commodity Composite is to provide Unit-holders exposure to Gold as an asset class by investing significant portion of Fund's net assets in Gold based instruments, while investing the remaining portion in high-rated money market instruments. As at March 31, 2017 the composite comprise of Nil Portfolio. Due to redemption of seed capital, the UBL Gold Fund (UGF) does not qualify the criteria for inclusion in composite as fund size is below Rs. 100mn as of March 31, 2017. Further, the fund size remained below 100m till June 30, 2017.

**Since the Fund (UGF) is no longer commercially viable and the purpose cannot be accomplished therefore pursuant to the provision of 45A(d) of NBFC Regulations, 2008, and sub-clause 10.4(iv) of the Offering Document of UGF, UBL Fund Managers Limited revoked the scheme with the consent of Trustee. The fund revoked on August 02, 2017 in accordance with the Procedure provided in Regulation 45B of NBFC Regulations, 2008.**

#### **Benchmark**

(a) 80% Daily Closing Pakistan Rupee Spot Gold Prices at the Pakistan Mercantile Exchange Limited (PMEX) and

(b) 20% Average of three (3) month deposit rates of five (5), AA and above rated scheduled commercial banks for the period of return;

#### **List of Composites**

A list of all composite descriptions is available upon request.

#### **Significant Event**

1. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes /mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication. In July 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also

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been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds. On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC. During the current period, the Honorable Lahore High Court (LHC) in a similar constitutional petition relating to the amendments brought on the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC. Based on the above, the Management Company believes that the Fund is not liable to contribute to WWF. The amount of WWF was Rs. 0.3245 Million as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. As of March 31, 2017, UBL Gold Fund (UGF) has been removed from the composite since it does not qualify the criteria for inclusion in the composite as minimum portfolio size is less than Rs. 100 million.

5. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers’ Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF.



The said Act includes any concern engaged in the Banking or Financial Institution in the definition of “Industrial Undertaking” but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

- i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 0.32 million in UGF as at July 31, 2017. The Fund revoked / cease to carry on its business w.e.f. August 02, 2017.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fee Schedule**

Management Fee is: **1.50%**

#### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows: <b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
<b>For SMA</b>	Rs. 25 Million per Managed Account.

#### **Internal Dispersion**

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required

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#### Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite as of each year end is as follows;

Year	Composite 3-Yr St Dev (%)
9MFY17	12.19%
FY16	13.39%

#### Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

##### Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

##### Revenue recognition

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established. Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

##### Proprietary Assets in the Composite

Since, the fund ceased to exist (revoked), the Composite does not contain investments of UBL Fund Managers Limited and UBL Bank Limited (UBL Fund Managers Limited parent company).

##### Liability for Income Tax

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

(a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.



(b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate, applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.



**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Conventional Balance Composite**  
**December 1, 2008 through March 31, 2020**

<b>Composite:</b> UBL Conventional Balance Composite				<b>Creation Date:</b> 15-Apr-10		
<b>Benchmark:</b> Refer to Benchmark Disclosure				<b>Reporting Currency:</b> Pak Rupees		
	<b>Total Net Return (%)</b>	<b>Internal Dispersion (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>
<b>9MFY20</b>	<b>1.4</b>	<b>N/A</b>	<b>1</b>	<b>858</b>	<b>1.3</b>	<b>65,809</b>
<b>FY19</b>	<b>10.8</b>	<b>N/A</b>	<b>16</b>	<b>4,547</b>	<b>8.0</b>	<b>56,767</b>
<b>FY18</b>	<b>24.4</b>	<b>N/A</b>	<b>18</b>	<b>5,578</b>	<b>7.3</b>	<b>76,029</b>
<b>FY17</b>	<b>21.6</b>	<b>N/A</b>	<b>19</b>	<b>6,308</b>	<b>8.2</b>	<b>76,490</b>
<b>FY16</b>	<b>14.8</b>	<b>4.44</b>	<b>17</b>	<b>4,371</b>	<b>8.1</b>	<b>53,854</b>
<b>FY15</b>	<b>23.5</b>	<b>3.53</b>	<b>12</b>	<b>2,295</b>	<b>5.4</b>	<b>42,838</b>
<b>FY14</b>	<b>16.9</b>		<b>12</b>	<b>2,445</b>	<b>5.8</b>	<b>41,848</b>
<b>FY13</b>	<b>29.8</b>		<b>&lt;5</b>	<b>201</b>	<b>0.6</b>	<b>34,638</b>
<b>FY12</b>	<b>12.4</b>		<b>&lt;5</b>	<b>88</b>	<b>0.2</b>	<b>47,792</b>
<b>FY11</b>	<b>20.1</b>		<b>&lt;5</b>	<b>41</b>	<b>0.2</b>	<b>26,165</b>
<b>FY10</b>	<b>18.6</b>		<b>&lt;5</b>	<b>31</b>	<b>0.2</b>	<b>19,874</b>
<b>FY09*</b>	<b>20.3</b>		<b>&lt;5</b>	<b>20</b>	<b>0.1</b>	<b>23,777</b>

**Compliance Statement**

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UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether;

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

#### **Definition of the Firm**

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

#### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

#### **Composite Description**

The objective of the UBL Funds Conventional Balanced Composite is income and growth by investing in Domestic listed equities & Domestic fixed income instruments. Secondary objective is to grow the value of assets over the long-term. UBL Funds Conventional Balanced Composite currently comprises of nil portfolio due to re-composition of composite.

#### **Note**

Previously, the composite comprised of UBL Asset Allocation Fund (UAAF). However, re-composition has done to make it more presentable and as a result, this scheme has transferred into Dynamic Asset Allocation Composite. However, this change will apply prospectively and transfer has effective from June 2020.

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**Benchmark**

Currently, no Benchmark has been assigned to UBL Funds Conventional Balanced Composite.

**List of Composites**

A list of all composite descriptions is available upon request.

**Significant Event:**

1. The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs 5.9470 million for UAAF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers’ Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of “Industrial Undertaking” but does not define

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Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

- i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 11.73mn million in UAAF as at March 31, 2020.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fees Schedule**

Fees are charged as per different agreements as agreed with the clients. UAAF : **1%**

#### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows:

**For Rs.100 Million per Fund** (which is also the

**Portfolio/Fund** minimum regulatory requirement to start a fund)

**For SMA** Rs. 25 Million per Managed Account

#### **Internal Dispersion**

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Internal dispersion is calculated using the equal-weighted standard deviation of annual net returns of those portfolios that were included in the composite for the entire year.

**Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

<b>Year</b>	<b>Composite 3-Yr St Dev (%)</b>
<b>9MFY20</b>	8.34%
<b>FY19</b>	28.81%
<b>FY18</b>	5.44%
<b>FY17</b>	5.49%
<b>2016</b>	5.40%
<b>2015</b>	9.81%
<b>2014</b>	9.64%
<b>2013</b>	9.48%
<b>2012</b>	5.1%

**Key Assumption for Portfolio valuation**

Following are key assumption used in Portfolio valuation:

**Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities

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are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

**Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

**Proprietary Assets in the Composite**

The Composite not contain investments of UBL Fund Managers Limited. However, contain ordinary shares of UBL Bank (UBL Fund Managers Limited Parent Company) as of March 31, 2020.

**Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

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**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat****(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

**Treatment of Separately Managed Discretionary Account (SMA):**

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment unless any SMA is recognized as tax-exempted by the Commissioner of Income Tax. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.



**GIPS Compliant Presentation**  
**UBL Fund Managers Limited**  
**UBL Dynamic Allocation Composite**  
**December 20, 2012 through Dec 31, 2020**

Composite:		UBL Dynamic Allocation Composite		Creation Date:		20-Dec-12	
				Reporting Currency:		Pak Rupees	
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)		
1HFY21	11.0	28	5,208	5.5	94,467		
FY20	-9.1	30	5,756	6.9	83,025		
FY19	-6.8	17	1,604	2.8	56,767		
FY18	-5.1	25	2,660	3.5	76,029		
FY17	22.3	25	2,470	3.2	76,490		
FY16	3.2	6	342	0.6	53,854		
FY15**	11.3	<5	33	0.1	42,838		
1H'FY14	14.7	<5	38	0.1	34,057		
FY'13*	33.3	<5	66	0.2	34,638		
*Returns are from December 20, 2012 to June 30, 2013							
**Returns are from 4-Sep-14							

**Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

**Definition of the Firm**

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

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(i) All Funds under Management (including investment plans)

(ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

**Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

**Composite Description**

The objective of the UBL Funds Dynamic Allocation Composite is income and growth by in various asset classes/instruments. Secondary objective is to grow the value of assets over the long-term. UBL Dynamic Allocation Composite comprises of UBL asset allocation Fund (UAAF) and twenty nine (27) separately managed accounts . Also, the entire investment in UBL Conservative Allocation Plan (UCONAP) as of June 30, 2018 is zero. Therefore, does not qualify for inclusion in composite.

**Benchmark**

Currently, no Benchmark has been assigned to UBL Funds Dynamic Composite.

**List of Composites**

A list of all composite descriptions is available upon request.

**Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

**Fees Schedule**

Fees are charged as per different agreements as agreed with the clients. UAAF: 1%

**Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows:

**For** Rs.100 Million per Fund (which is also the

**Portfolio/Fund** minimum regulatory requirement to start a fund)

**For SMA** Rs. 25 Million per Managed Account

**Internal Dispersion**

Since number of Portfolios in the composite is less than five for the entire (full) year therefore calculation of internal dispersion is not required.

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**Significant Event:**

1. The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs 5.9470 million for UAAF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers’ Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of “Industrial Undertaking” but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and



ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 15.76 mn million in UAAF as at Dec 31, 2020.

2) UBL Conservative Allocation Plan (Fund of Funds Scheme) launched on September 28, 2017 under UBL Financial Planning Fund. The fund has made provision of SWWF w.e.f. inception. The provision against SWWF is Rs. 0.44mn as at March 31, 2018. As of June 30, 2018, the investment (portfolio) in UBL Conservative Allocation Plan is zero.

#### **Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite as of each year end is as follows;

<b>Year</b>	<b>Composite 3-Yr St Dev (%)</b>
<b>1HFY21</b>	9.97%
<b>FY20</b>	14.21%
<b>FY19</b>	10.69%
<b>FY18</b>	12.64%

#### **Key Assumption for Portfolio valuation**

Following are key assumption used in Portfolio valuation:

##### **Financial instruments**

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All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

**Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established. Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

**Proprietary Assets in the Composite**

The Composite contain investment of UBL Fund Managers Limited and UBL Bank as at Dec 31, 2020.

**Treatment of Separately Managed Discretionary Account (SMA):**

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment unless any SMA is recognized as tax-exempted by the Commissioner of Income Tax. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.





**GIPS Compliant Presentation**  
**UBL Fund Managers Limited**  
**UBL Equity Composite**  
**August 4, 2006 through Dec 31, 2020**

<b>Composite:</b>		<b>UBL Equity Composite</b>			<b>Creation Date:</b>		<b>15-Apr-10</b>
<b>Benchmark:</b>		<b>KSE100 Index</b>			<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Internal Dispersion (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>
<b>1HFY21</b>	<b>24.8</b>	<b>27.1</b>	<b>N/A</b>	<b>9</b>	<b>10,091</b>	<b>10.7</b>	<b>94,467</b>
<b>FY20</b>	<b>3.3</b>	<b>1.5</b>	<b>N/A</b>	<b>10</b>	<b>7,559</b>	<b>9.1</b>	<b>83,025</b>
<b>FY19</b>	<b>-15.7</b>	<b>-19.1</b>	<b>N/A</b>	<b>16</b>	<b>7,499</b>	<b>13.2</b>	<b>56,767</b>
<b>FY18</b>	<b>-11.2</b>	<b>-10.0</b>	<b>N/A</b>	<b>20</b>	<b>8,243</b>	<b>10.8</b>	<b>76,029</b>
<b>FY17</b>	<b>31.2</b>	<b>23.2</b>	<b>N/A</b>	<b>13</b>	<b>9,115</b>	<b>11.9</b>	<b>76,490</b>
<b>FY16</b>	<b>15.6</b>	<b>9.8</b>	<b>3.83</b>	<b>8</b>	<b>4,459</b>	<b>8.3</b>	<b>53,854</b>
<b>FY15</b>	<b>25.2</b>	<b>16.0</b>		<b>6</b>	<b>3,091</b>	<b>7.2</b>	<b>42,838</b>
<b>FY14</b>	<b>32.4</b>	<b>41.2</b>		<b>&lt;5</b>	<b>1,972</b>	<b>4.7</b>	<b>41,848</b>
<b>FY13</b>	<b>55.6</b>	<b>52.2</b>		<b>&lt;5</b>	<b>1,228</b>	<b>3.5</b>	<b>34,638</b>
<b>FY12</b>	<b>12.4</b>	<b>10.4</b>		<b>&lt;5</b>	<b>940</b>	<b>2.0</b>	<b>47,792</b>
<b>FY11</b>	<b>35.5</b>	<b>28.5</b>		<b>&lt;5</b>	<b>1,232</b>	<b>4.7</b>	<b>26,165</b>
<b>FY10</b>	<b>24.1</b>	<b>35.7</b>		<b>&lt;5</b>	<b>1,042</b>	<b>5.3</b>	<b>19,874</b>
<b>FY09</b>	<b>-35.3</b>	<b>-41.7</b>		<b>&lt;5</b>	<b>1,649</b>	<b>6.9</b>	<b>23,777</b>
<b>FY08</b>	<b>-4.1</b>	<b>-10.8</b>		<b>&lt;5</b>	<b>2,521</b>	<b>8.9</b>	<b>28,400</b>
<b>FY07*</b>	<b>29.7</b>	<b>29.1</b>		<b>&lt;5</b>	<b>1,254</b>	<b>5.3</b>	<b>23,515</b>
*Returns are from August 04, 2006 to June 30, 2007							

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## **COMPLIANCE STATEMENT**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether;

(1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis; and

(2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards Verification does not ensure the accuracy of any specific composite presentation.

## **Definition of the Firm**

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

(i) All Funds under Management (including investment plans)

(ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

## **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

## **Composite Description**

UBL Funds Equity Composite includes Equity Portfolios with local equity and International Investment mandates that will aim to provide investors long-term capital appreciation by investing primarily in a mix of equities that offer capital gains and dividend yield potential. The Management Company will aim to maximize total returns and outperform its Benchmark. The composite currently comprises of UBL Stock Advantage Fund (USF), UBL Retirement Savings Fund – Equity Sub Fund (URSFE-SF), UBL Financial Sector Fund (UFSF), UBL Dedicated Equity Fund and six (6) Separately Managed Account.

At times of high volatility or when the Fund Manager feels that equities as an asset class are in the over-valued zone, they may seek short term opportunities in authorized fixed income and money market instruments to reduce the risk profile of the composite and provide industry leading returns. This composite enables the investor with limited knowledge of direct investment in the equity market to attain diversification and capitalize on the professional fund management expertise available with UBL Fund Managers Limited.

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**Benchmark**

The Benchmark of UBL Funds Equity composite is KSE - 100 Index and returns of Benchmark are not net of withholding taxes. The Portfolios in this composite also may have International Exposure, whereas Benchmark does not represent the same.

**List of Composites**

A list of all composite descriptions is available upon request

**Significant Event**

1. The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication. Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter was taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds.

On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC. Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. As the management is confident that the matter will be eventually settled in its favour and the WWF will not be levied on the Fund, no provision has been made in respect of any WWF liability.

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The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs 35.341 million for USF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

However, fund has recorded a provision for WWF of Rs. 17.4444 million in URSF-ESF as at December 31, 2016.

2. In FY 2012, through Sindh Sales Tax on Services Act 2011, general sales tax on fund management services has been imposed at the rate 16% effective July 1, 2011. Management fee charged during the period includes general sales tax.

3. Management Fee of the United Stock Advantage Fund included in this portfolio has been reduced to 2% from August 2011.

4. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

5. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers’ Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of “Industrial Undertaking” but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

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i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and

ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against SWWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 82.09 million in USF, Rs. 21.76 million in URSF-ESF, Rs. 2.55 million in UFSF as at Dec 31, 2020.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fees Schedule**

Management Fee is **2% (USF)** Management Fee is **1.5% (URSF-ESF)** Management Fee is **2% (UFSF)**

#### **Minimum Account Size**

The Minimum Portfolio size for inclusion in the composite is: <b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
<b>For SMA</b>	Rs. 25 Million per Managed Account.

#### **Internal Dispersion**

Internal dispersion is calculated using the equal-weighted standard deviation of annual net returns of those portfolios that were included in the composite for the entire year.

#### **Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:



Year	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)
<b>1HFY21</b>	20.11%	20.01%
<b>FY20</b>	20.64%	20.57%
<b>FY19</b>	16.30%	16.35%
<b>FY18</b>	15.21%	14.80%
<b>FY17</b>	15.04%	13.91%
<b>FY16</b>	15.27%	13.94%
<b>FY15</b>	15.19%	13.38%
<b>FY14</b>	15.53%	13.91%
<b>FY13</b>	15.37%	14.00%
<b>FY12</b>	16.81%	16.50%
<b>FY11</b>	22.39%	22.75%
<b>FY10</b>	24.01%	25.22%

#### Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

##### Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

##### Revenue recognition

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Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

#### **Proprietary Assets in the Composite**

The Composite contain investments of UBL Fund Managers Limited and UBL Bank Limited (Parent Company of UBL Fund Managers) as of Dec 31, 2020.

#### **Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

#### **Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

#### **Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

#### **Taxation of Unit Holders and Liability to Zakat**

##### **(a) Withholding Tax:**

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Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

**Treatment for Separately Managed Discretionary Account (SMA):**

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.





**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Fixed Income Composite**  
**March 02, 2006 through Dec 31, 2020**

<b>Composite:</b>		<b>UBL Fixed Income Composite</b>		<b>Creation Date:</b>		<b>15-Apr-10</b>
<b>Benchmark:</b>		<b>6M Rolling Average of 6M Kibor</b>		<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>
<b>1HFY21</b>	<b>3.1</b>	<b>4.2</b>	<b>7</b>	<b>3,640</b>	<b>3.9</b>	<b>94,467</b>
<b>FY20</b>	<b>14.7</b>	<b>13.6</b>	<b>7</b>	<b>2,152</b>	<b>2.6</b>	<b>83,025</b>
<b>FY19</b>	<b>8.4</b>	<b>9.2</b>	<b>&lt;5</b>	<b>2,044</b>	<b>3.6</b>	<b>56,767</b>
<b>FY18</b>	<b>5.0</b>	<b>6.3</b>	<b>&lt;5</b>	<b>1,218</b>	<b>1.6</b>	<b>76,029</b>
<b>FY17</b>	<b>6.6</b>	<b>6.2</b>	<b>&lt;5</b>	<b>4,209</b>	<b>5.5</b>	<b>76,490</b>
<b>FY16</b>	<b>11.8</b>	<b>7.0</b>	<b>&lt;5</b>	<b>1,165</b>	<b>2.2</b>	<b>53,854</b>
<b>FY15</b>	<b>11.9</b>	<b>10.0</b>	<b>&lt;5</b>	<b>3,384</b>	<b>7.9</b>	<b>42,838</b>
<b>FY14</b>	<b>17.4</b>	<b>10.0</b>	<b>&lt;5</b>	<b>3,762</b>	<b>9.0</b>	<b>41,848</b>
<b>FY13</b>	<b>10.6</b>	<b>10.4</b>	<b>&lt;5</b>	<b>3,740</b>	<b>10.8</b>	<b>34,638</b>
<b>FY12</b>	<b>-12.3</b>	<b>12.7</b>	<b>&lt;5</b>	<b>2,805</b>	<b>5.9</b>	<b>47,792</b>
<b>FY11</b>	<b>-10.4</b>	<b>12.9</b>	<b>&lt;5</b>	<b>3,431</b>	<b>13.1</b>	<b>26,165</b>
<b>FY10</b>	<b>9.3</b>	<b>12.5</b>	<b>&lt;5</b>	<b>7,343</b>	<b>36.9</b>	<b>19,874</b>
<b>FY09</b>	<b>6.4</b>	<b>13.5</b>	<b>&lt;5</b>	<b>15,859</b>	<b>66.7</b>	<b>23,777</b>
<b>FY08</b>	<b>9.5</b>	<b>10.0</b>	<b>&lt;5</b>	<b>14,626</b>	<b>51.5</b>	<b>28,400</b>
<b>FY07</b>	<b>11.5</b>	<b>10.0</b>	<b>&lt;5</b>	<b>11,479</b>	<b>48.8</b>	<b>23,515</b>

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### **Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether;

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

### **Definition of the Firm**

UBL Fund Managers Limited is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

### **Composite Description**

UBL Funds Fixed Income Composite shall seek to provide its investors attractive daily returns from investment in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term and risk-adjusted returns. In line with the investment objective UBL Funds Fixed Income Composite will invest in Government Securities, Investment grade Term Finance Certificates, rated Corporate Debt, Certificates of Investment, other money market instruments and other instruments. UBL Funds Fixed Income Composite initially comprises of United Money Market Fund (UMF) and United Growth and Income Funds (UGIF). However on June 29, 2009 both the Funds were merged and now it comprises of UGIF, UBL Income Opportunity Fund (UIOF) and UBL Retirement Saving Fund- Debt Sub Fund (URSF-DSF). Composite also include 4 Separately managed account.

### **Benchmark**

The Benchmark of UBL Funds Fixed Income Composite is 6M Rolling Average of 6M KIBOR. Prior to June 29, 2009 Benchmark returns of UGIF were 6 Month rolling average of 6 Month KIBOR and UMF 6 Month rolling average of 1 month KIBOR.

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The Benchmark of UBL Income Opportunity Fund (UIOF) shall be based on 75% 6M Rolling average of 6M KIBOR & 25% average of 6M deposit rate of 3 banks rated A and above for the period of return. The Fund's performance will be compared to its benchmark after deducting from the return all expenses which are charged to the Fund as per the Regulations.

#### **List of Composites**

A list of all composite descriptions is available upon request.

#### **Significant Event**

1. On June 29, 2009, UMF was merged into United Growth & Income Fund (UGIF). The Unit Holdings of all UMF investors (as of June 29, 2009) were converted to UGIF Income Units.

2. Securities and Exchange Commission of Pakistan issued Circular number 1 Dated January 6, 2009 regarding Valuation of Debt Securities Provisioning Criteria of Non Performing Debt Securities. The Provisioning Policy of UBL Fund Managers Limited is in accordance of the same. The Debt securities held by Collective Investment Schemes managed by UBL Fund Managers Limited were marked down during the year 2008- 2009. As of Dec 31, 2020 Rs. 1,160.32 million provisioning and mark to market adjustment were made in UGIF against NPA's and other corporate debt instruments, in conformity with the SECP circular 1 of 2009.

3. Further sale of units in United Growth & Income Fund was temporarily suspended on 12th October 2011.

4. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication. Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 6, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds.



On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC.

During the current period, the Honorable Lahore High Court (LHC) in a similar Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC. Based on the above, the Management Company believes that the Fund is not liable to contribute to WWF. The unrecognized amount of WWF as at May 29, 2013 amounts to Rs. 46.396 million, 0.138 million and Rs. 4.7340 for UGIF, UIOF and URSF-DSF respectively.

However, considering the open ended nature of the Fund, the Board of Directors (BoD) of the Management Company in their meeting held on May 29, 2013, have decided that accumulated unrecorded WWF provision from the date of its application till May 29, 2013 will be borne by the Management Company subject to the court decision.

The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs. 19.1509 million for UGIF as at June 30, 2015 and Rs. 0.635 Million for UIOF Formerly (UFBF) as at June 30, 2015. Accordingly, the fund has recorded a provision for WWF of Rs. 4.7340 million for URSF - DSF as at December 31, 2016.

Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of "Industrial Establishment", no provision for WWF has been provided after June 30, 2015.

5. The management company is entitled to remuneration for services rendered to the Fund under the provisions of the NBFC Regulations, of an amount not exceeding 3 percent of the average annual net assets of the Fund and is paid in arrears on monthly basis during the first five years of the Fund's existence and thereafter an amount equal to 2 percent of such assets of the Fund. The management company charged remuneration at the rate of 1.5 percent per annum of the average daily net assets of the Fund during the period. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non- Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

6. As of June 30, 2015, the UBL Financial Sector Bond Fund (UFBF) has been removed from the composite since it does not qualify the criteria for inclusion in the composite as minimum portfolio size is less than Rs. 100 million. However, as at September 30, 2015, UFBF again included in the composite since minimum portfolio criteria has been met.

7. The Board of Directors of UBL Fund Managers Limited, the Management Company of UGIF has removed the temporary suspension on sale of units which was imposed on October 12, 2011 effective from **April 27, 2015**.



8. Effective from April 05, 2016, the Name of UBL Financial Sector Bond Fund (UFBF) has been changed to UBL Income Opportunity Fund (UIOF) vide SECP approval dated December 03, 2015. The Fund was converted into generic income scheme thereby investing in quality TFCs / Sukuk, Government Securities, Bank Deposits, and short and long term debt instruments.

9. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

10. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

- i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.



Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 17.19 million in UGIF, Rs. 5.61 million in UIOF and Rs. 5.01 million in URSF-DSF as at Dec 31, 2020.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses. (Please refer to Schedule)

#### **Fee Schedule**

Before Merger

United Money Market Fund **1.5%**

United Growth and Income Fund **1.5%**

After Merger (applicable currently) Management Fee is

**United Growth & Income Fund 8% of Gross Earnings (With Min 0.25% & Max 1.5% p.a. of net assets)\***

**UBL Income Opportunity Fund 10% of gross earnings (with min. fee of 0.25% and max of 1.5% p.a of net assets)\*\***

**UBL Retirement Savings Fund-Debt Sub Fund (URSF- DSF) 1.5%**

**\* Change in Management fee effective from January 16, 2019.**

**\*\*Change in Management fee effective from March 05, 2018.**

#### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows: <b>For Portfolio/ Fund</b>	Rs. 100 million per Fund (which is also the minimum regulatory requirement to start a fund)
<b>For SMA</b>	Rs. 25 million per Managed Account

#### **Internal Dispersion**

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

#### **Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:



Year	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)
<b>1HFY21</b>	1.06%	0.14%
<b>FY20</b>	1.09%	0.15%
<b>FY19</b>	0.97%	0.08%
<b>FY18</b>	1.61%	0.02%
<b>2017</b>	1.98%	0.08%
<b>2016</b>	2.82%	0.07%
<b>2015</b>	2.96%	0.04%
<b>2014</b>	8.92%	0.08%
<b>2013</b>	9.09%	0.06%
<b>2012</b>	9.02%	0.03%
<b>2011</b>	5.19%	0.04%
<b>2010</b>	4.42%	0.08%
<b>2009</b>	4.34%	0.09%

#### Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

##### Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

##### Revenue recognition

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Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established. Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

#### **Subjective Unobservable Inputs**

UBL Fund Managers Limited uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through “Provisioning Policy” on the website of the company. The Provisioning Policy will also be made available to clients upon request.

#### **Proprietary Assets in the Composite**

The Composite neither contain investments of UBL Fund Managers Limited nor UBL Bank Limited as at Dec 31, 2020.

#### **Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax is chargeable at the rate applicable to a public company, which is presently as under:

(a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.

(b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

#### **Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

#### **Withholding Tax**

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Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit Holders of the Fund will be subject to withholding tax as per the prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.



**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Islamic Balance Composite**  
**December 24, 2006 through March 31, 2020**

<b>Composite:</b>		<b>UBL Islamic Balance Composite</b>			<b>Creation Date:</b>		<b>15-Apr-10</b>
<b>Benchmark:</b>		<b>50% KMI Index + 20% Avg Placement rate of 3 Islamic banks + 30% 6M Kibor</b>			<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>	
<b>9MFY20</b>	<b>-0.8</b>	<b>-3.9</b>	<b>&lt;5</b>	<b>1,793</b>	<b>2.7</b>	<b>65,809</b>	
<b>FY19</b>	<b>-4.0</b>	<b>-8.2</b>	<b>&lt;5</b>	<b>3,682</b>	<b>6.5</b>	<b>56,767</b>	
<b>FY18</b>	<b>-1.3</b>	<b>-1.7</b>	<b>&lt;5</b>	<b>6,536</b>	<b>8.6</b>	<b>76,029</b>	
<b>FY17</b>	<b>14.5</b>	<b>12.3</b>	<b>&lt;5</b>	<b>7,866</b>	<b>10.3</b>	<b>76,490</b>	
<b>FY16</b>	<b>9.1</b>	<b>11.1</b>	<b>&lt;5</b>	<b>2,235</b>	<b>4.2</b>	<b>53,854</b>	
<b>FY15</b>	<b>18.6</b>	<b>14.6</b>	<b>&lt;5</b>	<b>1,155</b>	<b>2.7</b>	<b>42,838</b>	
<b>FY14***</b>	<b>5.6</b>	<b>6.6</b>	<b>&lt;5</b>	<b>194</b>	<b>0.5</b>	<b>41,848</b>	
<b>1Q'FY13**</b>	<b>4.7</b>	<b>2.6</b>	<b>&lt;5</b>	<b>551</b>	<b>1.4</b>	<b>44,793</b>	
<b>FY12</b>	<b>17.7</b>	<b>12.7</b>	<b>&lt;5</b>	<b>531</b>	<b>1.1</b>	<b>47,792</b>	
<b>FY11</b>	<b>26.4</b>	<b>26.5</b>	<b>&lt;5</b>	<b>478</b>	<b>1.8</b>	<b>26,165</b>	
<b>FY10</b>	<b>16.4</b>	<b>27.6</b>	<b>&lt;5</b>	<b>524</b>	<b>2.6</b>	<b>19,874</b>	
<b>FY09</b>	<b>-18.4</b>	<b>-13.7</b>	<b>&lt;5</b>	<b>823</b>	<b>3.5</b>	<b>23,777</b>	
<b>FY08</b>	<b>0.8</b>	<b>5.9</b>	<b>&lt;5</b>	<b>1,218</b>	<b>4.3</b>	<b>28,400</b>	
<b>FY07*</b>	<b>14.8</b>	<b>13.3</b>	<b>&lt;5</b>	<b>965</b>	<b>4.1</b>	<b>23,515</b>	

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\*\*Returns are from 1<sup>st</sup> July 2012 to 17<sup>th</sup> July 2012

\* Returns are from December 24, 2006 to June 30, 2007

\*\*\*Returns are from 4<sup>th</sup> January 2014 as the composite did not have any portfolios in the interim period 1QFY13 to 1H'FY14

### **Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether

- (1) The firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) The firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

### **Definition of the Firm**

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

### **Composite Description**

The investment objective of UBL Funds Islamic Balanced Composite is to offer its investors an opportunity to invest in diversified Portfolio of Shariah Compliant investments with the objective of maximizing medium to long term returns for a given level of risk. The investments in the composite will be diversified both in terms of securities within an asset class as well as across asset classes. The composite would strictly follow Islamic Shariah in selection of investments under the supervision of its Shariah Advisory Board. Currently, the composite comprises of Nil portfolio due to re-composition of composite.

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**Note**

Previously, the composite comprised of Al- Ameen Islamic Asset Allocation Fund (AIAAF). However, re-composition has done to make it more presentable and as a result, this scheme has transferred into Dynamic Asset Allocation Composite. However, this change will apply prospectively and has effective from June 2020.

**Benchmark**

The Benchmark of UBL Funds Islamic Balanced Composite is 50% KMI Index + 20% Avg Placement rate of 3 Islamic banks + 30% 6M Kibor and returns of Benchmark are not net of withholding taxes. Benchmark was changed on 1st March 2010 from 50% DJIMPK Index +20% 1Yr Placement rate of 3 Islamic banks + 30% 6M Kibor to 50% KMI Index + 20% Avg Placement rate of 3 Islamic banks + 30% 6M Kibor Since, DJIMPK index cease to exist.

**List of Composites**

A list of all composite descriptions is available upon request.

**Significant Event**

1. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes /mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition

has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In July 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

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However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds. On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC. During the current period, the Honorable Lahore High Court (LHC) in a similar constitutional petition relating to the amendments brought on the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC. The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs.3.6459 million for AIAAF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers’ Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF.

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The said Act includes any concern engaged in the Banking or Financial Institution in the definition of “Industrial Undertaking” but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and

ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 25.48 million in AIAAF as at March 31, 2020.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fee Schedule**

Management Fee is **2.00%\* p.a.**

**Effective from August 12, 2018, Management Fee has been changed from 1% to 2%. Minimum Account Size**

The Minimum Portfolio size for inclusion in the composite is:

<b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
<b>For SMA</b>	Rs. 25 Million per

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	Managed Account.
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#### Internal Dispersion

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

#### Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

Year	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)
9MFY20	8.76%	12.08%
FY19	6.82%	9.82%
FY18	6.13%	8.57%
2017	5.47%	7.94%
1QFY13	11.20%	8.49%
2012	11.26%	8.56%
2011	13.85%	11.97%
2010	14.75%	13.01%

Following are key assumption used in Portfolio valuation:

#### Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

#### Revenue recognition

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Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established. Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis. Profit on bank deposits is recorded on accrual basis.

**Subjective Unobservable Inputs**

UBL Fund Managers Limited uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through “**Provisioning Policy**” on the website of the company. The Provisioning Policy will also be made available to clients upon request.

**Proprietary Assets in the Composite**

The Composite neither contain investment of UBL Fund Managers Limited nor of UBL (UBL Fund Managers Limited Parent Company) as at March 31, 2020.

**Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax stated, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

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**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat****(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

**Treatment for Separately Managed Discretionary Account (SMA):**

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment unless any SMA is recognized as tax-exempted by the Commissioner of Income Tax. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.



**GIPS Compliant Presentation**  
**UBL Fund Managers Limited**  
**UBL Islamic Dynamic Allocation Composite**  
**August 6, 2015 through Dec 31, 2020**

Composite:		UBL Islamic Dynamic Allocation Composite		Creation Date:		6-Aug-15	
				Reporting Currency:		Pak Rupees	
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)		
1HFY21	-0.6	<5	2,300	2.4	94,467		
FY20	7.6	6	2,522	3.0	83,025		
FY19	-6.1	11	9,154	16.1	56,767		
FY18	-7.9	12	17,814	23.4	76,029		
FY17	22.6	9	13,094	17.1	76,490		
FY16*	7.1	<5	7,998	14.9	53,854		
*Returns are from August 6, 2015 to June 30, 2016							

**Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

**Definition of the Firm**

UBL Fund Managers Limited is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

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**Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

**Composite Description**

The objective of the UBL Islamic Dynamic Allocation Composite is to earn a potentially high return through active asset allocation among various shariah compliant asset classes/instruments based on the Fund Manager's outlook. Currently, the composite comprises Funds i.e Al Ameen Asset Allocation Fund, Al-Ameen Islamic Conservative Allocation Plan (AICONAP) and one Separately Managed Accounts.

Al-Ameen Islamic Active Allocation Plan – XI has completed period of forty-five days on May 20, 2019 however still not qualify for inclusion in composite as at Dec 31, 2020 as minimum portfolio size is less than PKR 100mn.

**Benchmark**

No benchmark has been assigned to this composite.

**List of Composites**

A list of all composite descriptions is available upon request.

**Significant Event**

1. The BoD resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, AIActAP-I has maintained provisions against Workers' Welfare Fund liability to the tune of Rs. 0.088 million as at June 30, 2015. However, 'Nil / Zero' WWF provision for AIActAP-II, III, IV & V. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of "Industrial Establishment", no provision for WWF has been provided after June 30, 2015.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

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4. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

- i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. Provision for SWWF liability has been made in following funds as at Dec 31, 2020. Details are:

Fund	Provision for SWWF (Rs. in million)
AIAAF	33.92

- 5. Al-Ameen Islamic Active Allocation Plan - I (AIActAP-I) has matured on June 22, 2017.
- 6. Al-Ameen Islamic Active Allocation Plan - II (AIActAP-II) has matured on September 27, 2017.
- 7. Al-Ameen Islamic Active Allocation Plan - III (AIActAP-III) has matured on December 22, 2017.



8. Al-Ameen Islamic Active Allocation Plan - IV (AIActAP-IV) has matured on March 28, 2018.
9. Al-Ameen Islamic Principal Preservation Fund (AICONAP) removed from composite as entire investment is zero as of June 30, 2018.
10. Al-Ameen Islamic Principal Preservation Fund (AIAPPP-I) launched on March 20, 2019 and added in the composite.
11. Al-Ameen Islamic Active Allocation Plan - V (AIActAP-V) has matured on August 15, 2018.
12. Al-Ameen Islamic Principal Preservation Fund-II (AIAPPP-II) launched on May 28, 2018 and added in the composite.
13. Al-Ameen Islamic Principal Preservation Fund-III (AIAPPP-III) launched on September 25, 2018 and added in the composite.
14. Al-Ameen Islamic Active Allocation Plan - VI (AIActAP-VI) maturity has been extended to further period of one (1) year from November 21, 2018 to November 20, 2019.
15. Al-Ameen Islamic Principal Preservation Fund-IV (AIAPPP-IV) launched on December 18, 2018 and added in the composite.
16. Al-Ameen Islamic Active Allocation Plan - VII (AIActAP-VII) maturity has been extended to further period of one (1) year from February 21, 2019 to February 20, 2020.
17. Al-Ameen Islamic Active Allocation Plan - VIII (AIActAP-VIII) maturity has been extended to further period of one (1) year from May 30, 2019 to May 30, 2020.
18. Al-Ameen Islamic Active Allocation Plan - IX (AIActAP-IX) maturity has been extended to further period of one (1) year from August 31, 2019 to August 31, 2020.
19. Al-Ameen Islamic Active Allocation Plan - VI (AIActAP-VI) has matured on Nov 21, 2019.
20. Al-Ameen Islamic Active Allocation Plan - XI (AIActAP-XI) not qualify for inclusion in composite as at March 31, 2020 as minimum portfolio size is less than PKR 100mn.



21. Al-Ameen Islamic Active Allocation Plan - VII (AIActAP-VII) has matured on Feb 20, 2020.

22. Al-Ameen Islamic Active Allocation Plan - VIII (AIActAP-VIII) has matured on May 30, 2020.

23. Al-Ameen Islamic Active Allocation Plan - IX (AIActAP-IX) has matured on Aug 28, 2020.

24. Al-Ameen Islamic Active Allocation Plan - X (AIActAP-X) has matured on Dec 15, 2020

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses. (Please refer to Schedule)

#### **Fee schedule**

The fee on the portfolio is based on the asset allocation between equity and money market/ fixed income funds which changes on daily basis. Further, Management Fee of 1% p.a. on the value of underlying Funds not managed by UBL Fund Managers.

#### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows: <b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
<b>For SMA</b>	Rs. 25 Million per Managed Account.

#### **Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

#### **Propriety Assets in the Composite**

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The Composite contain investments of UBL Fund Managers Limited as of Dec 31, 2020.

**Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

(a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.

(b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax stated, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**



Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

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**GIPS Compliant Presentation**  
**UBL Fund Managers Limited**  
**UBL Islamic Equity Composite**  
**July 17, 2012 through Dec 31, 2020**

<b>Composite:</b>		<b>UBL Islamic Equity Composite</b>		<b>Creation Date:</b>		<b>17-Jul-12</b>
<b>Benchmark:</b>		<b>KMI-30 Index</b>		<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>
<b>1HFY21</b>	<b>26.9</b>	<b>29.4</b>	<b>&lt;5</b>	<b>11,050</b>	<b>11.7</b>	<b>94,467</b>
<b>FY20</b>	<b>9.9</b>	<b>1.6</b>	<b>&lt;5</b>	<b>7,448</b>	<b>9.0</b>	<b>83,025</b>
<b>FY19</b>	<b>-17.8</b>	<b>-23.8</b>	<b>&lt;5</b>	<b>6,549</b>	<b>11.5</b>	<b>56,767</b>
<b>FY18</b>	<b>-13.0</b>	<b>-9.6</b>	<b>&lt;5</b>	<b>7,591</b>	<b>10.0</b>	<b>76,029</b>
<b>FY17</b>	<b>29.3</b>	<b>18.8</b>	<b>&lt;5</b>	<b>9,235</b>	<b>12.1</b>	<b>76,490</b>
<b>FY16</b>	<b>13.8</b>	<b>15.5</b>	<b>&lt;5</b>	<b>4,796</b>	<b>8.9</b>	<b>53,854</b>
<b>FY15</b>	<b>28.3</b>	<b>20.1</b>	<b>&lt;5</b>	<b>3,147</b>	<b>7.3</b>	<b>42,838</b>
<b>FY14</b>	<b>34.9</b>	<b>29.9</b>	<b>&lt;5</b>	<b>1,387</b>	<b>3.3</b>	<b>41,848</b>
<b>FY'13*</b>	<b>43.6</b>	<b>48.2</b>	<b>&lt;5</b>	<b>1,263</b>	<b>3.6</b>	<b>34,638</b>
*Returns are from July 17, 2012 to June 30, 2013						

**Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards

**Definition of the Firm**

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UBL Fund Managers Limited is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

#### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

#### **Composite Description**

UBL Funds Islamic Equity Composite includes shariah compliant equities that seek to maximize total returns and outperform its benchmark by investing in a combination of securities offering long term capital gains and dividend yield potential. The composite currently comprises of three portfolios i.e., Al-Ameen Shariah Stock Fund (ASSF), Al-Ameen Islamic Retirement Savings Fund - Equity Sub Fund (AIRSF-ESF), Al-Ameen Islamic Dedicated Equity Fund (AIDEF) and Al Ameen Islamic Energy Fund (AIEF).

#### **Benchmark**

The Benchmark of UBL Funds Islamic Equity composite is KMI - 30 Index and returns of Benchmark are not net of withholding taxes.

#### **List of Composites**

A list of all composite descriptions is available upon request.

#### **Significant Events**

1. As on July 17, 2012 the conversion from Islamic Balanced Fund to Islamic Equity Fund was affected and the portfolio was restructured. The name of the portfolio changed from United Composite Islamic fund (UCIF) to UBL Shariah Stock Fund (USSF) and accordingly, from July 18, 2012 the Islamic Equity Composite begun.
2. Securities and Exchange Commission of Pakistan issued Circular number 1 Dated January 6, 2009 regarding Valuation of Debt Securities Provisioning Criteria of Non Performing Debt Securities. The Provisioning Policy of UBL Fund Managers Limited is in accordance of the same. The Debt securities held by Collective Investment Schemes managed by UBL Fund Managers Limited were marked down during the year 2008-9. As of March 31, 2013, Rs. 5.685 million provisioning and mark to market adjustment were made against NPA's and other corporate debt instruments, in conformity with the SECP circular 1 of 2009. Subsequent to conversion of category from Islamic Balanced to Islamic Equity, the investment in NPA was disposed-off and there was no provisioning held in ASSF.
3. Management Fee of the Islamic Equity Fund Composite (previously UBL Islamic Balanced Fund) was reduced to 2% from 24th December 2011.

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4. The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes /mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication. Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand were also issued to several other mutual funds and the matter was taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds.

On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. As the management is confident that the matter will be eventually settled in its favour and the WWF will not be levied on the Fund, no provision has been made in respect of any WWF liability.

The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs 50.5478 million for ASSF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of "Industrial Establishment", no provision for WWF has been provided after June 30, 2015.

However, fund has recorded a provision for WWF of Rs. 16.0587million in AIRSF-ESF as at December 31, 2016.

5. Effective from 01 July 2011, through Sindh Sales Tax on Services Act 2011, general sales tax on fund management services has been imposed at the rate 16% effective July 1, 2011. Management fee charged during the period includes general sales tax.



6. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

7. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

- i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 105.85 million in ASSF, Rs. 23.18 million in AIRSF-ESF, Rs. 65.64 million in AIDEF, and 0.43 in AIEF as at Dec 31, 2020.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

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**Fees Schedule**

Management Fee is

**ASSF : 2.00% p.a**

**AIRSF-ESF : 1.5% p.a**

**AIDF : 2.00% p.a**

**AIEF: 2.00% p.a**

**Minimum Account Size**

The Minimum Portfolio size for inclusion in the composite is <b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
<b>For SMA</b>	Rs. 25 Million per Managed Account.

**Internal Dispersion**

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

**Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

<b>Year</b>	<b>Composite 3-Yr St Dev (%)</b>	<b>Benchmark 3-Yr St Dev (%)</b>
<b>1HFY21</b>	21.40%	24.30%
<b>FY20</b>	21.90%	24.89%
<b>FY19</b>	16.76%	19.64%
<b>FY18</b>	15.55%	17.15%

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<b>FY17</b>	14.96%	15.52%
<b>FY16</b>	15.65%	15.50%

Following are key assumption used in Portfolio valuation:

**Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

**Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis. Profit on bank deposits is recorded on accrual basis.

**Proprietary Assets in the Composite**

The Composite neither contain investments of UBL Fund Managers Limited nor UBL Bank as at Dec 31, 2020.

**Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate, applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of



the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax year.



**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Islamic Income Composite**  
**October 20, 2007 through Dec 31, 2020**

<b>Composite:</b>		<b>UBL Islamic Income Composite</b>		<b>Creation Date:</b>		<b>15-Apr-10</b>
<b>Benchmark:</b>		<b>Average 6M Placement rate of 3 Islamic Banks</b>		<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>
<b>1H FY21</b>	<b>3.2</b>	<b>3.9</b>	<b>&lt;5</b>	<b>3,373</b>	<b>3.6</b>	<b>94,467</b>
<b>FY20</b>	<b>8.9</b>	<b>8.2</b>	<b>&lt;5</b>	<b>2,709</b>	<b>3.3</b>	<b>83,025</b>
<b>FY19</b>	<b>6.9</b>	<b>7.0</b>	<b>&lt;5</b>	<b>1,100</b>	<b>1.9</b>	<b>56,767</b>
<b>FY18</b>	<b>3.3</b>	<b>5.0</b>	<b>&lt;5</b>	<b>1,421</b>	<b>1.9</b>	<b>76,029</b>
<b>FY17</b>	<b>4.1</b>	<b>4.8</b>	<b>&lt;5</b>	<b>1,478</b>	<b>1.9</b>	<b>76,490</b>
<b>FY16</b>	<b>6.0</b>	<b>5.6</b>	<b>&lt;5</b>	<b>1,274</b>	<b>2.4</b>	<b>53,854</b>
<b>FY15</b>	<b>7.7</b>	<b>7.7</b>	<b>&lt;5</b>	<b>1,296</b>	<b>3.0</b>	<b>42,838</b>
<b>FY14</b>	<b>12.8</b>	<b>7.5</b>	<b>&lt;5</b>	<b>1,669</b>	<b>4.0</b>	<b>41,848</b>
<b>FY13</b>	<b>6.9</b>	<b>8.1</b>	<b>&lt;5</b>	<b>595</b>	<b>1.7</b>	<b>34,638</b>
<b>FY12</b>	<b>6.1</b>	<b>9.0</b>	<b>&lt;5</b>	<b>313</b>	<b>0.7</b>	<b>47,792</b>
<b>FY11</b>	<b>-4.0</b>	<b>7.8</b>	<b>&lt;5</b>	<b>341</b>	<b>1.3</b>	<b>26,165</b>
<b>FY10</b>	<b>5.4</b>	<b>7.7</b>	<b>&lt;5</b>	<b>890</b>	<b>4.5</b>	<b>19,874</b>
<b>FY09</b>	<b>3.3</b>	<b>8.7</b>	<b>&lt;5</b>	<b>1,445</b>	<b>6.1</b>	<b>23,777</b>
<b>FY08*</b>	<b>6.4</b>	<b>7.3</b>	<b>&lt;5</b>	<b>1,814</b>	<b>6.4</b>	<b>28,400</b>

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\*Returns are from October 20, 2007 to June 30, 2008

### **Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether;

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm -wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

### **Definition of the Firm**

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

### **Composite Description**

The investment objective of UBL Funds Islamic Income Composite is to provide attractive returns to its investors by investing in Shariah Compliant Income instruments while taking into account capital security and liquidity considerations. The composite currently comprises of 3 schemes .i.e. Al-Ameen Islamic Aggressive Income Fund (AIAIF), Al-Ameen Islamic Aggressive Income Plan-I (AIAIP-I) and Al Ameen Islamic Retirement Saving Fund - Debt Sub Fund (AIRSF-DSF).

The composite shall strive to take advantage of available opportunities in Shariah Compliant Income Instruments in order to realize a high level of total return from a diversified Portfolio. The composite shall not invest directly in equity securities or those instruments which add volatility to its performance.

### **Benchmark**

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The benchmark of the portfolio is Weighted average of 12 Month deposit rates of 3 different Islamic Banks and returns of Benchmark are not net of withholding taxes. Previously; the benchmark of the portfolio was Weighted average of 6 Month deposit rates of 3 different Islamic Banks and returns of Benchmark are not net of withholding taxes

#### **List of Composites**

A list of all composite descriptions is available upon request.

#### **Significant Event**

1. Securities and Exchange Commission of Pakistan issued Circular number 1 Dated January 6, 2009 regarding Valuation of Debt Securities Provisioning Criteria of Non Performing Debt Securities. The Provisioning Policy of UBL Fund Managers Limited is in accordance of the same. The Debt securities held by Collective Investment Schemes managed by UBL Fund Managers Limited were marked down during the year 2008-9. As of Dec 31, 2020, Rs. 167.98 Million provisioning and mark to market adjustment were made in AIAIF against NPA's and other corporate debt instruments, in conformity with the SECP circular 1 of 2009.

2. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication. Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds.

On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC.

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During the current period, the Honorable Lahore High Court (LHC) in a similar Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC. Based on the above, the Management Company believes that the Fund is not liable to contribute to WWF. The unrecognized amount of WWF as at March 31, 2013 is Rs. 3.717million.

The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs 3.7127 million for AIAIF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

However, fund has recorded a provision for WWF of Rs. 1.0309million in AIRSF-DSF as at December 31, 2016.

3. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

4. Effective from April 2011 the benchmark of the composite was changed from weighted average of 6 Month deposit rates of 3 different Islamic Banks to weighted average of 12 Month deposit rates of 3 different Islamic Banks.

5. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

6. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers’ Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of “Industrial Undertaking” but does



not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

- i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 3.5 million in AIAIF, Rs. 1.82 million in AIAIP-I and Rs. 2.48 million in AIRSF-DSF as at Dec 31, 2020.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fee Schedule**

Management Fee is: **AIAIF: 1.5% p.a**

**AIAIP-I: 0.15% p.a**

**AIRSF – DSF: 1.5% p.a**

#### **Minimum Account Size**

The Minimum Portfolio size for inclusion in the composite is:

The Minimum Portfolio size for inclusion in the composite is as follows: <b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
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For SMA	Rs. 25 Million per Managed Account.
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#### Internal Dispersion

Since, number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

#### Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

Year	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)
<b>1HFY21</b>	0.54%	0.10%
<b>FY20</b>	0.51%	0.11%
<b>FY19</b>	0.35%	0.09%
<b>FY18</b>	0.61%	0.04%
<b>2017</b>	0.74%	0.07%
<b>2016</b>	1.41%	0.05%
<b>2015</b>	2.03%	0.02%
<b>2014</b>	9.39%	0.02%
<b>2013</b>	10.21%	0.03%
<b>2012</b>	10.13%	0.03%
<b>2011</b>	6.95%	0.03%

#### Key Assumption for Portfolio valuation

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Following are key assumption used in Portfolio valuation:

**Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

**Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

**Subjective Unobservable Inputs**

UBL Fund Managers Limited uses subjective unobservable inputs for valuing some of its debt instruments i.e., Sukuks and Term Finance Certificates. The criteria used for valuation is in accordance with the Guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through **“Provisioning Policy”** on the website of the company. The Provisioning Policy will also be made available to clients upon request.

**Proprietary Assets in the Composite**

The Composite does not contain any investments of UBL Fund Managers Limited and UBL Bank Limited as of Dec 31, 2020.

**Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**



Notwithstanding the tax rates and withholding tax stated the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

**Treatment for Separately Managed Discretionary Account (SMA):**

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.



**GIPS Compliant Presentation**  
**UBL Fund Managers Limited**  
**UBL Islamic Liquid Composite**  
**September 18, 2012 through Dec 31, 2020**

<b>Composite:</b>		<b>UBL Islamic Liquid Composite</b>		<b>Creation Date:</b>		<b>31-Mar-13</b>
<b>Benchmark:</b>		<b>Average of 3 months placement rates of three Islamic Banks</b>		<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>
<b>1H FY21</b>	<b>2.9</b>	<b>1.9</b>	<b>&lt;5</b>	<b>14,722</b>	<b>15.6</b>	<b>94,467</b>
<b>FY20</b>	<b>11.1</b>	<b>5.5</b>	<b>&lt;5</b>	<b>9,208</b>	<b>11.1</b>	<b>83,025</b>
<b>FY19</b>	<b>8.3</b>	<b>3.4</b>	<b>&lt;5</b>	<b>4,779</b>	<b>8.4</b>	<b>56,767</b>
<b>FY18</b>	<b>3.5</b>	<b>2.6</b>	<b>&lt;5</b>	<b>1,307</b>	<b>1.7</b>	<b>76,029</b>
<b>FY17</b>	<b>3.7</b>	<b>3.2</b>	<b>&lt;5</b>	<b>4,162</b>	<b>5.4</b>	<b>76,490</b>
<b>FY16</b>	<b>4.8</b>	<b>5.2</b>	<b>&lt;5</b>	<b>519</b>	<b>1.0</b>	<b>53,854</b>
<b>FY15</b>	<b>6.5</b>	<b>7.2</b>	<b>&lt;5</b>	<b>1,046</b>	<b>2.4</b>	<b>42,838</b>
<b>FY14</b>	<b>6.5</b>	<b>7.3</b>	<b>&lt;5</b>	<b>283</b>	<b>0.7</b>	<b>41,848</b>
<b>FY'13*</b>	<b>5.2</b>	<b>5.4</b>	<b>&lt;5</b>	<b>138</b>	<b>0.4</b>	<b>34,638</b>
*Returns are from September 18, 2012 to June 30, 2013						

**Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

**Definition of the Firm**

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**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

**Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

**Composite Description**

The investment objective of UBL Islamic Liquid Composite is to provide high liquidity and competitive returns while seeking maximum possible preservation of capital by investing in low risk and liquid Shariah Compliant instruments. The composite primarily invests in short term government holding. Currently, the composite comprises of three Portfolios i.e. (Formerly; UBL Islamic Cash Fund (UICF), Al-Ameen Islamic Retirement Saving Fund-Money Market Sub Fund (AIRSF-MMSF) (Formerly; UBL Islamic Retirement Savings Fund-Money Market Sub Fund (AIRSF-MMSF) and Al-Ameen Islamic Cash Plan-I (AICP-I).

**Benchmark**

The benchmark of the composite is average of 3 Months Placement Rate of 3 Islamic Banks (with AA or better banks)

**List of Composites**

A list of all composite descriptions is available upon request.

**Significant Event**

1. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication. Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with

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the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 6, 2010 on applicability of WWF on mutual funds.

On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC.

During the current period, the Honorable Lahore High Court (LHC) in a similar constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC.

Based on the above, the Management Company believes that the Fund is not liable to contribute to WWF and, hence, provision in respect of WWF has not been made by the management. The unrecognized amount of WWF as on March 31, 2013 is Rs. 0.0118 million. The accumulated provision for WWF till May 29, 2013 amounted to Rs 0.0136 million. The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. The accumulated provision for WWF amounted to Rs 6.4513 million for AICF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of "Industrial Establishment", no provision for WWF has been provided after June 30, 2015.

However, fund has recorded a provision for WWF of Rs. 0.5320 million in AIRSF-MMSF as at December 31, 2016.

1. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

2. Al Ameen Islamic Retirement Saving Fund- Money Market Sub Fund was added 31 March 2014.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.



4. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

- i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

#### **Fees**

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 33.16 million in AICF, Rs. 3.34 million in AICP-I and Rs. 2.62 million in AIRSF-MMSF as at Dec 31, 2020.

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fee Schedule**

**AICF: \*2.5% of the Gross Earnings subject to a min. fee of 0.15% of net assets, AICP-I: 2.5% of the Gross Earnings subject to a min. fee of 0.15% of net assets. AIRSF –MMSF: 1.50%**

**\*change in Management Fee effective from January 22, 2018.**

#### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows:

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The Minimum Portfolio size for inclusion in the composite is as follows: <b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
<b>For SMA</b>	Rs. 25 Million per Managed Account

#### Internal Dispersion

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

#### Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

<b>Year</b>	<b>Composite 3-Yr St Dev (%)</b>	<b>Benchmark 3-Yr St Dev (%)</b>
<b>1HFY21</b>	0.29%	0.06%
<b>FY20</b>	0.15%	0.07%
<b>FY19</b>	0.14%	0.04%
<b>FY18</b>	0.15%	0.09%
<b>FY17</b>	0.19%	0.09%
<b>FY16</b>	0.19%	0.05%

#### Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

##### Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

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**Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

**Proprietary Assets in the Composite**

The Composite neither contain investments of UBL Fund Managers Limited nor of UBL Bank Limited (UBL Fund Managers Limited parent company) as of Dec 31, 2020.

**Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate, applicable to a public company.

The income of the newly added portfolio, being a pension fund, is exempt from Income Tax under clause 57(3) (viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Funds under the Regulations.

**Withholding Tax**

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Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law.

In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37

(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.



**GIPS Compliant Presentation**  
**UBL Fund Managers Limited**  
**UBL Islamic Principal Preservation Composite**  
**April 26, 2013 through Dec 31, 2020**

Composite:		UBL Islamic Principal Preservation Composite		Creation Date:		26-Apr-13
				Reporting Currency:		Pak Rupees
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)	
1HFY21	3.5	<5	875	0.9	94,467	
FY20	2.2	5	2,512	3.0	83,025	
FY19	2.5	<5	283	0.5	56,767	
***FY18	-0.2	<5	312	0.4	76,029	
**FY17	15.5	<5	0	0	76,490	
FY16	3.8	<5	2,211	4.1	53,854	
FY15	12.4	6	6,478	15.1	42,838	
FY14	22.9	<5	2,150	5.1	41,848	
FY'13*	7.45	<5	770	2.2	34,638	
*Returns are from April 26, 2013 to June 30, 2013						
** The only portfolio in the composite failed to meet the qualification criteria on 20 <sup>th</sup> June 2017. Returns are till 19 <sup>th</sup> June 2017						
*** Returns are from 29 Oct 2018						

**Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

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### **Definition of the Firm**

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

### **Composite Description**

The investment objective of the composite is to earn competitive return with capital preservation for unit holders. Under plans/mandates, investing under schemes, the Management also envisages the provision of 100% Principal Protection through the use of the Constant Proportion Portfolio Insurance (CPPI) Methodology. The CPPI Methodology is an internationally recognized, tried and tested methodology with a highly versatile and flexible framework, which allocates the Portfolio between equity and fixed income in a manner that increases exposure to equity as Portfolio value increases and reduces exposure to equity as Portfolio value decreases. Currently, composite comprises of Al-Ameen Islamic Special Savings Plan-II (AISSP-II), Al-Ameen Islamic Active Principal Preservation Plan-III (AIAPPP-III), Al-Ameen Islamic Active Principal Preservation Plan-IV (AIAPPP-IV).

### **Benchmark**

No benchmark has been assigned to this composite.

### **List of Composites**

A list of all composite descriptions is available upon request.

### **Significant Event**

1. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes /mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In July 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the

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FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds. On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC. During the current period, the Honorable Lahore High Court (LHC) in a similar constitutional petition relating to the amendments brought on the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC.

The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs.5.7948 million, Rs. 7.0367 million, 3.7189 million and Rs. Nil / Zero for AIPPF-II, AIPPF-III, AIPPF-IV & AIPPF-V respectively as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. Al Ameen Islamic Principal Preservation Fund– I (AIPPF-I) has been matured on April 27, 2015,

4. Al-Ameen Islamic Principal Preservation Fund– II (AIPPF-II) has been matured on November 06, 2015

5. Al-Ameen Islamic Principal Preservation Fund-III (AIPPF-III) has been matured on June 19, 2016.

6. Al-Ameen Islamic Principal Preservation Fund-IV (AIPPF-IV) has been matured on October 15, 2016.

7. Al-Ameen Islamic Principal Preservation Fund-V (AIPPF-V) has been matured on December 25, 2016.

8. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal



Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

9. Levy for Sindh Workers' Welfare Fund (SWWF) not applicable as all principal preservation series had been matured before effective date of application of SWWF i.e. January 12, 2017.

However due to re composition, AISSP-II and AIAPPP plans are now categorized in this composite. Therefore, Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017. Details are;

Fund	Provision for SWWF (Rs. in million)
AISSP-II	Nil
AIAPPP-III	1.095
AIAPPP-IV	0.58

10. Al-Ameen Islamic Active Principal Preservation Plan-I (AIAPPP-I) has been matured on Sep 18, 2020.

11. Al-Ameen Islamic Active Principal Preservation Plan-II (AIAPPP-II) has been matured on Nov 27, 2020

#### **Fees**

Returns are presented net of all expenses.

#### **Fee schedule**

-AISSP-II : 0.75% during the Subscription Period & 0.75% during the Life of Plan

-Upto 1% p.a. (on the value of underlying Funds not managed by UBL Fund Managers)

#### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows:	Rs.100 Million per Fund (which is also the minimum regulatory
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For Portfolio/Fund	requirement to start a fund)
For SMA	Rs. 25 Million per Managed Account.

#### Internal Dispersion

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

#### Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and Benchmark is as follows;

Year	Composite 3-Yr St Dev (%)
1HFY21	4.83%
FY17	9.14%
FY16	10.24%

#### Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

##### Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

##### Revenue recognition

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

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### **Propriety Assets in the Composite**

The Composite does not contain investments of UBL Fund Managers Limited and UBL Bank Limited (UBL Fund Managers Limited parent company) as of Dec 31, 2020.

### **Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

### **Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax stated, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

### **Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

### **Taxation of Unit Holders and Liability to Zakat**

#### **(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.



**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years).

As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

**Treatment for Separately Managed Discretionary Account (SMA):**

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.



**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Islamic Savings Composite**  
**November 07, 2010 through Dec 31, 2020**

<b>Composite:</b>		<b>UBL Islamic Savings Composite</b>		<b>Creation Date:</b>		<b>07-Nov-10</b>
<b>Benchmark:</b>		<b>Average of 6M Placement rates of 3 Islamic Banks</b>		<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>
<b>1H FY21</b>	<b>2.9</b>	<b>3.9</b>	<b>&lt;5</b>	<b>2,238</b>	<b>2.4</b>	<b>94,467</b>
<b>FY20</b>	<b>9.9</b>	<b>8.2</b>	<b>&lt;5</b>	<b>2,479</b>	<b>3.0</b>	<b>83,025</b>
<b>FY19</b>	<b>6.8</b>	<b>7.0</b>	<b>&lt;5</b>	<b>585</b>	<b>1.0</b>	<b>56,767</b>
<b>FY18</b>	<b>3.0</b>	<b>5.0</b>	<b>&lt;5</b>	<b>2,090</b>	<b>2.7</b>	<b>76,029</b>
<b>FY17</b>	<b>4.0</b>	<b>4.8</b>	<b>&lt;5</b>	<b>1,311</b>	<b>1.7</b>	<b>76,490</b>
<b>FY16</b>	<b>4.4</b>	<b>5.6</b>	<b>&lt;5</b>	<b>2,131</b>	<b>4.0</b>	<b>53,854</b>
<b>FY15</b>	<b>6.2</b>	<b>7.7</b>	<b>&lt;5</b>	<b>1,365</b>	<b>3.2</b>	<b>42,838</b>
<b>FY14</b>	<b>8.1</b>	<b>7.5</b>	<b>&lt;5</b>	<b>3,592</b>	<b>8.6</b>	<b>41,848</b>
<b>FY13</b>	<b>9.1</b>	<b>6.9</b>	<b>&lt;5</b>	<b>4,092</b>	<b>11.8</b>	<b>34,638</b>
<b>FY12</b>	<b>11.4</b>	<b>7.8</b>	<b>&lt;5</b>	<b>3,478</b>	<b>7.3</b>	<b>47,792</b>
<b>FY11*</b>	<b>7.6</b>	<b>4.8</b>	<b>&lt;5</b>	<b>2,185</b>	<b>8.4</b>	<b>26,165</b>

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\* Returns since 7<sup>th</sup> November, 2010

### **Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether;

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

### **Definition of the Firm**

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

### **Composite Description**

The investment objective of UBL Islamic Savings Composite is to provide investors competitive returns by investing in medium risk and medium to long duration assets while maintaining liquidity as prescribed under applicable law. The composite primarily invests in shariah compliant government securities. Currently, the composite comprise of one Portfolio i.e. Al-Ameen Islamic Sovereign Fund (AISF) (Formerly; UBL Islamic Sovereign Fund (UISF) (formerly; UBL Islamic Savings Fund).

### **Benchmark**

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Benchmark is Average of 6M Placement rates of 3 Islamic Banks.

**List of Composites**

A list of all composite descriptions is available upon request.

**Significant Event**

1. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes /mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication. In July 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds. On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC. During the current period, the Honorable Lahore High Court (LHC) in a similar constitutional petition relating to the amendments brought on the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC. Based on the above, the Management Company believes that the Fund is not liable to contribute to WWF.

The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs 7.6352 million for AISF as at

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June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. The portfolio has been reconstituted from Islamic Income Fund to Islamic Government Securities Fund.

5. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers’ Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of “Industrial Undertaking” but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

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i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and

ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 27.28 million in AISF as at Dec 31, 2020.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fee Schedule**

**Fund: AISF: 1.00%**

#### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows:

**For Rs.100 Million per Fund** (which is also the

**Portfolio/Fund** minimum regulatory requirement to start a fund)

**For SMA** Rs. 25 Million per Managed Account.

#### **Internal Dispersion**

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

#### **Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

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Year	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)
1HFY21	0.46%	0.10%
FY20	0.43%	0.11%
FY19	0.63%	0.09%
FY18	0.61%	0.04%
FY17	0.61%	0.07%
FY16	0.52%	0.05%
FY15	0.43%	0.02%
FY14	0.30%	0.02%

#### Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

##### Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

##### Revenue recognition

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established. Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

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### **Proprietary Assets in the Composite**

The Composite as of Dec 31, 2020 does not contain any investments of UBL Fund Managers Limited and UBL Bank Limited (UBL Fund Managers Limited parent company).

### **Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate, applicable to a public company.

### **Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

### **Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

### **Taxation of Unit Holders and Liability to Zakat**

#### **(a) Withholding Tax:**

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Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

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**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Liquid Composite**  
**July 1, 2009 through Dec 31 2020**

<b>Composite:</b>		<b>UBL Liquid Composite</b>		<b>Creation Date:</b>		<b>15-Apr-10</b>
<b>Benchmark:</b>		<b>50% 3M PKRV + 50% 3M TDR (with AA bank)</b>		<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>
<b>1HFY21</b>	<b>3.2</b>	<b>3.5</b>	<b>&lt;5</b>	<b>31,904</b>	<b>33.8</b>	<b>94,467</b>
<b>FY20</b>	<b>12.5</b>	<b>12.7</b>	<b>&lt;5</b>	<b>26,493</b>	<b>31.9</b>	<b>83,025</b>
<b>FY19</b>	<b>8.6</b>	<b>9.6</b>	<b>&lt;5</b>	<b>9,078</b>	<b>16.0</b>	<b>56,767</b>
<b>FY18</b>	<b>5.4</b>	<b>5.9</b>	<b>&lt;5</b>	<b>15,215</b>	<b>20.0</b>	<b>76,029</b>
<b>FY17</b>	<b>5.8</b>	<b>5.7</b>	<b>&lt;5</b>	<b>5,287</b>	<b>6.9</b>	<b>76,490</b>
<b>FY16</b>	<b>5.4</b>	<b>6.1</b>	<b>&lt;5</b>	<b>4,195</b>	<b>7.8</b>	<b>53,854</b>
<b>FY15</b>	<b>8.3</b>	<b>8.6</b>	<b>&lt;5</b>	<b>5,664</b>	<b>13.2</b>	<b>42,838</b>
<b>FY14</b>	<b>8.0</b>	<b>9.3</b>	<b>&lt;5</b>	<b>11,900,</b>	<b>28.4</b>	<b>41,848</b>
<b>FY13</b>	<b>8.9</b>	<b>8.2</b>	<b>&lt;5</b>	<b>15,610</b>	<b>45.1</b>	<b>34,638</b>
<b>FY12</b>	<b>11.4</b>	<b>9.8</b>	<b>&lt;5</b>	<b>27,897</b>	<b>58.4</b>	<b>47,792</b>
<b>FY11</b>	<b>11.9</b>	<b>10.3</b>	<b>&lt;5</b>	<b>15,773</b>	<b>60.3</b>	<b>26,165</b>

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<b>FY10</b>	<b>10.6</b>	<b>8.5</b>	<b>&lt;5</b>	<b>7,967</b>	<b>40.1</b>	<b>19,874</b>

#### Compliance Statement

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the period July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether;

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

#### Definition of the Firm

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

#### Policies

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

#### Composite Description

The investment objective of UBL Funds Liquid Composite is to provide investors competitive returns by investing in low risk short duration assets while maintaining high liquidity. The composite primarily invests in money market instruments and government holding. Currently, the composite comprises of four Portfolios i.e. UBL Liquidity Plus Fund (ULPF), UBL Retirement Savings Fund-Money Markey Sub Fund (URSF-MMSF)

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and UBL Money Market Fund (UMMF) Formerly UBL Savings Income Fund which category has been changed from Income Scheme to Money Market Scheme with the approval of Securities and Exchange Commission of Pakistan effective from May 23rd 2014 and UBL Cash Fund (UCF).

**Benchmark**

Benchmark is a combination of 50% PKRV average Yields for 3 months & 50% 3M TDR with AA or above rated bank for ULPF and 75% 3M PKRV + 25% 3M TDR (with AA or above rated banks)

**List of Composites**

A list of all composite descriptions is available upon request.

**Significant Event**

1. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication. Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 6, 2010 on applicability of WWF on mutual funds.

On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC.

During the current period, the Honorable Lahore High Court (LHC) in a similar constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and

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unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC.

Based on the above, the Management Company believes that the Fund is not liable to contribute to WWF and, hence, provision in respect of WWF has not been made by the management.

The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs. 28.3860 million and 4.7818 million for ULPF & UMMF respectively as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

However, fund has recorded a provision for WWF of Rs. 1.4648 million in URSF-MMSF as at December 31, 2016.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. During the quarter (effective from November 09, 2017) the Management Fee of ULPF has been changed. The change / revision in Management Fee is within the limit as permitted under the NBFC Regulations, 2008.

5. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers’ Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account

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commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of “Industrial Undertaking” but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

- i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 68 mn million in ULPF, Rs. 17.82 million in UMMF, Rs. 3.31 million in UCF and Rs. 3.70 million URSF-MMSF as at Dec 31, 2020.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fee Schedule**

Management Fee of UBL Funds Liquidity Composite is:

**ULPF: Upto 5% of gross earnings (with min. fee of 0.15%**

**p.a)**

**URSF-MMSF: 1.5% p.a.**

**UMMF: 5% of gross earnings (with min. fee of 0.15%**

**p.a)**

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UCF: 0.05% (Currently no fee is being charged, temporary waive till Sep 17, 2021.

#### Minimum Portfolio Size

The Minimum Portfolio size for inclusion in the composite is as follows: <b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
<b>For SMA</b>	Rs. 25 Million per Managed Account

#### Internal Dispersion

Since, number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

#### Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

<b>Year</b>	<b>Composite 3-Yr St Dev (%)</b>	<b>Benchmark 3-Yr St Dev (%)</b>
1HFY21	0.25%	0.16%
FY20	0.26%	0.17%
FY19	0.48%	0.10%
FY18	0.47%	0.01%
2017	0.49%	0.07%

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2016	0.18%	0.08%
2015	0.22%	0.04%
2014	0.21%	0.06%
2013	0.20%	1.03%
2012	0.26%	0.35%

**Key Assumption for Portfolio valuation**

Following are key assumption used in Portfolio valuation:

**Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

**Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

**Proprietary Assets in the Composite**

The Composite does not contain investments of UBL Fund Managers Limited and UBL as of Dec 31, 2020.

**Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

(a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.

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(b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

The income of the newly added portfolio, being a pension fund, is exempt from Income Tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Funds under the Regulations.

**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income

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Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

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**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Principal Protected Composite**  
**July 01, 2009 to Dec 31, 2020**

<b>Composite:</b>		<b>UBL Principle Protected Composite</b>			<b>Creation Date:</b>		<b>15-Apr-10</b>
<b>Benchmark:</b>		<b>Refer to Benchmark disclosure</b>			<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Internal Dispersion (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>	
<b>1HFY21</b>	<b>3.2</b>	<b>N/A</b>	<b>8</b>	<b>4,050</b>	<b>4.3</b>	<b>94,467</b>	
<b>FY20</b>	<b>16.7</b>	<b>N/A</b>	<b>11</b>	<b>7,785</b>	<b>9.4</b>	<b>83,025</b>	
<b>FY19</b>	<b>-0.2</b>	<b>N/A</b>	<b>5</b>	<b>1,112</b>	<b>2.0</b>	<b>56,767</b>	
<b>FY18</b>	<b>-2.0</b>	<b>N/A</b>	<b>7</b>	<b>1,403</b>	<b>1.8</b>	<b>76,029</b>	
<b>FY17</b>	<b>16.6</b>	<b>N/A</b>	<b>9</b>	<b>2,056</b>	<b>2.7</b>	<b>76,490</b>	
<b>FY16</b>	<b>10.2</b>	<b>3.23</b>	<b>14</b>	<b>2,067</b>	<b>3.8</b>	<b>53,854</b>	
<b>FY15</b>	<b>12.3</b>	<b>4.69</b>	<b>14</b>	<b>4,111</b>	<b>9.6</b>	<b>42,838</b>	
<b>FY14</b>	<b>20.5</b>		<b>6</b>	<b>3,512</b>	<b>8.4</b>	<b>41,848</b>	
<b>FY13</b>	<b>39.4</b>		<b>&lt;5</b>	<b>689</b>	<b>2</b>	<b>34,638</b>	
<b>FY12</b>	<b>10.9</b>		<b>&lt;5</b>	<b>504</b>	<b>1.1</b>	<b>47,792</b>	
<b>FY11</b>	<b>8.8</b>		<b>&lt;5</b>	<b>608</b>	<b>2.3</b>	<b>26,165</b>	
<b>FY10</b>	<b>19.5</b>		<b>&lt;5</b>	<b>887</b>	<b>4.4</b>	<b>19,874</b>	

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## Compliance Statement

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether;

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

### Definition of the Firm

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

### Policies

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

### Composite Description

The investment objective of the composite is to earn competitive return with capital preservation for unit holders. Under plans/mandates, investing under schemes, the Management also envisages the provision of 100% Principal Protection through the use of the Constant Proportion Portfolio Insurance (CPPI) Methodology. The CPPI Methodology is an internationally recognized, tried and tested methodology with a highly versatile and flexible framework, which allocates the Portfolio between equity and fixed income in a manner that increases exposure to equity as Portfolio value increases and reduces exposure to equity as Portfolio value decreases. Currently, the composite consists of UBL Special Savings Plan-I(USSP-I), UBL Special Savings Plan-II(USSP-II), UBL Special Savings Plan (USSP-III), UBL Special Savings Plan (USSP-IV), UBL Special Savings Plan (USSP-V), UBL Special Savings Plan (USSP-VI) & UBL Special Savings Plan (USSP-VIII) and UBL Active Principal Preservation Plan-III (UAPPP-III) and one Separately Managed Account (SMA).

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### **Benchmark**

No benchmark has been assigned to this composite.

### **List of Composites**

A list of all composite descriptions is available upon request.

### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses. (Please refer to Schedule)

### **Fee schedule**

The fee on the portfolio is based on the net assets or asset allocation;

Management Fee is Upto 1.00% (USSP-I), Management Fee is Upto 1.00% (USSP-II), Management Fee is Upto 1.00% (USSP-III), Management Fee is Upto 1.00% (USSP-IV), Management Fee is Upto 1.00% (USSP-VI), Management Fee is Upto 0.1% (USSP-V), Management Fee is Upto 0.75% (USSP-VIII) & Management fee is Up to 1% p.a., If plan invests in CIS not managed by UBL Fund Managers (UAPPP- III)

### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows: <b>For Portfolio/Fund</b>	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
<b>For SMA</b>	Rs. 25 Million per Managed Account

### **Internal Dispersion**

Internal dispersion is calculated using the equal-weighted standard deviation of annual net returns of those portfolios that were included in the composite for the entire year.

### **Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

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Year	Composite 3-Yr St Dev (%)
<b>1HFY21</b>	3.12%
<b>FY20</b>	4.84%
<b>FY19</b>	7.51%
<b>FY18</b>	7.30%
<b>2017</b>	8.60%
<b>2016</b>	9.39%
<b>2015</b>	10.22%
<b>2014</b>	10.48%
<b>2013</b>	8.94%
<b>2012</b>	7.66%

**Significant Event:**

1. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes /mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In July 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency

of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds. On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC. During the current period, the Honorable Lahore High Court (LHC) in a similar constitutional petition relating to the amendments brought on the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC.

The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs. 4.3381 million and Rs 4.8273 million for UPPF-II and UPPF-III respectively as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. UBL Principal Protected Fund – I (UPPF-I) has matured as on 3rd Feb' 14,

4. UBL Principal Protected Fund – II (UPPF-II) has matured as on July 22, 2015.

5. UBL Principal Protected Fund – III (UPPF-III) has matured as on March 05, 2016.

6. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution

has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan. Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

7. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

- 1) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and
- 2) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.
- 3) USSP-I has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date November 09, 2018). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of Dec 31, 2020 to the tune of Rs. 1.68 million.
- 4) USSP-II has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date February 06, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of Dec 31, 2020 to the tune of Rs. 3.09 million.

5) USSP-III has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date April 17, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of Dec 31, 2020 to the tune of Rs.0.74 million.

6) USSP-IV has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date May 30, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of Dec 31, 2020 to the tune of Rs. 0.72 million.

7) USSP-V has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date Sep 13, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of Dec 31, 2020 to the tune of Rs. 15.09 million.

8) USSP-VI has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date August 05, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of Dec 31, 2020 to the tune of Rs. 0.59 million.

9) USSP-VIII has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date August 05, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of Dec 31, 2020 to the tune of Rs. 0.19 million.

10) During the quarter UBL Active Principal Preservation Plan-III (UAPPP-III) launched on October 24, 2018 under UBL Financial Planning Fund. The UAPPP-III has made provision of SWWF w.e.f. inception. The provision against SWWF is Rs. 0.19 mn as at Dec 31, 2020.

11) UBL Active Principal Preservation Plan-I has matured as on Aug 21, 2020.

12) UBL Active Principal Preservation Plan-II has matured as on Nov 30, 2020.

### **Key Assumption for Portfolio valuation**

Following are key assumption used in Portfolio valuation:

#### **Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

#### **Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

#### **Propriety Assets in the Composite**

The Composite contain investments of UBL Fund Managers Limited and investment of UBL Bank (UBL Fund Managers Limited parent company) as of Dec 31, 2020.

#### **Liability for Income Tax**

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

(a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.

(b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37 (A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

**Treatment for Separately Managed Discretionary Account (SMA):**

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.



**UBL Fund Managers Limited**  
**GIPS Compliant Presentation**  
**UBL Savings Composite**  
**October 14, 2010 through Dec 31, 2020**

<b>Composite:</b>		<b>UBL Savings Composite</b>		<b>Creation Date:</b>		<b>14-Oct-10</b>
<b>Benchmark:</b>		<b>Average of 6M KIBOR</b>		<b>Reporting Currency:</b>		<b>Pak Rupees</b>
	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Number of Portfolios</b>	<b>Total Assets at end of Period (mn)</b>	<b>Percentage of Firm's assets (%)</b>	<b>Total Assets of the Firm at end of Period (mn)</b>
<b>1H FY21</b>	<b>2.27</b>	<b>3.64</b>	<b>&lt;5</b>	<b>4,647</b>	<b>4.9</b>	<b>94,467</b>
<b>FY20</b>	<b>14.9</b>	<b>12.9</b>	<b>&lt;5</b>	<b>3,044</b>	<b>3.7</b>	<b>83,025</b>
<b>FY19</b>	<b>7.6</b>	<b>10.6</b>	<b>&lt;5</b>	<b>1,534</b>	<b>2.7</b>	<b>56,767</b>
<b>FY18</b>	<b>4.7</b>	<b>6.4</b>	<b>&lt;5</b>	<b>1,840</b>	<b>2.4</b>	<b>76,029</b>
<b>FY17</b>	<b>4.8</b>	<b>6.2</b>	<b>&lt;5</b>	<b>3,227</b>	<b>4.2</b>	<b>76,490</b>
<b>FY16</b>	<b>9.0</b>	<b>6.6</b>	<b>&lt;5</b>	<b>13,616</b>	<b>25.3</b>	<b>53,854</b>
<b>FY15</b>	<b>15.5</b>	<b>9.3</b>	<b>&lt;5</b>	<b>5,330</b>	<b>12.4</b>	<b>42,838</b>
<b>FY14</b>	<b>7.95</b>	<b>10.2</b>	<b>&lt;5</b>	<b>5,448</b>	<b>13.0</b>	<b>41,848</b>
<b>FY13</b>	<b>9.6</b>	<b>9.8</b>	<b>&lt;5</b>	<b>4,401</b>	<b>12.7</b>	<b>34,638</b>
<b>FY12</b>	<b>12.1</b>	<b>12.2</b>	<b>&lt;5</b>	<b>10,173</b>	<b>21.4</b>	<b>47,792</b>
<b>FY11*</b>	<b>8.4</b>	<b>9.3</b>	<b>&lt;5</b>	<b>2,151</b>	<b>8.2</b>	<b>26,165</b>

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\* Returns since 14<sup>th</sup> October, 2010

### **Compliance Statement**

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether;

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

### **Definition of the Firm**

**UBL Fund Managers Limited** is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

### **Policies**

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

### **Composite Description**

The investment objective of UBL Savings Composite is to provide investors competitive returns by investing in medium risk and medium to long duration assets while maintaining liquidity as prescribed under applicable law. The composite primarily invests in government securities. Currently, the composite comprise of one Portfolio i.e. UBL Government Securities Fund (UGSF).

### **Benchmark**

Benchmark is Average of 6M KIBOR.

### **List of Composites**

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A list of all composite descriptions is available upon request.

#### **Significant Event**

1. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes /mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the 'WWF Ordinance, thus rendering them liable to pay contribution to WF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication. In July 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds. On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC. During the current period, the Honorable Lahore High Court (LHC) in a similar Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC.

Based on the above, the Management Company believes that the Fund is not liable to contribute to WWF and, hence, provision in respect of WWF has not been made by the management.

The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs. 19.5056 million for UGSF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of "Industrial Establishment", no provision for WWF has been provided after June 30, 2015.

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2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated January 12, 2017 the following:

i) The provision against the WWF held by the Mutual Funds till June 30, 2015 should be reversed on January 12, 2017; and

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ii) Provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e., May 21, 2015) with effect from January 12, 2017.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 29 million in UGSF as at Dec 31, 2020.

#### **Fees**

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

#### **Fee Schedule**

Management Fee of UGSF is: **10% of all gross earnings (with min. fee of 1% & max. fee of 1.25% p.a. of net assets)**

#### **Minimum Portfolio Size**

The Minimum Portfolio size for inclusion in the composite is as follows:

**For Rs.100 Million per Fund (which is also the**

**Portfolio/Fund** minimum regulatory requirement to start a fund)

**For SMA** Rs. 25 Million per Managed Account

#### **Internal Dispersion**

Since, the number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

#### **Ex-Post Standard Deviation**

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

<b>Year</b>	<b>Composite 3-Yr St Dev (%)</b>	<b>Benchmark 3-Yr St Dev (%)</b>
<b>1H FY21</b>	1.00%	0.14%
<b>FY20</b>	0.96%	0.15%

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<b>FY19</b>	0.31%	0.11%
<b>FY18</b>	0.68%	0.01%
<b>FY17</b>	1.44%	0.08%
<b>FY16</b>	1.54%	0.08%
<b>FY15</b>	1.43%	0.05%
<b>FY14</b>	0.74%	0.07%

**Key Assumption for Portfolio valuation**

Following are key assumption used in Portfolio valuation:

**Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

**Revenue recognition**

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

**Proprietary Assets in the Composite**

The Composite does not contain investments of UBL Fund Managers Limited and UBL Bank as of Dec 31, 2020.

**Liability for Income Tax**

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Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

**Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend**

Notwithstanding the tax rates and withholding tax, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

**Withholding Tax**

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

**Taxation of Unit Holders and Liability to Zakat**

**(a) Withholding Tax:**

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

**(b) Capital Gains:**

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Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

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