



Together Creating Tomorrow

Annual Report UBL Funds
Asset Allocation Fund

UBL Fund Managers
Savings | Mutual Funds | Advisory
Rated AM2++ by JCR-VIS, connoting High Management Quality.



**TOGETHER
WE SUCCEED**

UBL Asset Allocation
Fund

UAAF

UBL Asset Allocation Fund

INVESTMENT OBJECTIVE

The investment objective of the Fund is to earn competitive return by investing in various asset classes/instruments based on the market outlook.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	KPMG Taseer Hadi & Co.
Bankers	United Bank Limited Bank Alfalah Limited Habib Bank Limited MCB Bank Limited Samba Bank Limited Sindh Bank Limited
Management Co. Rating	AM2++ (JCR-VIS)

Fund Manager's Report – UBL Asset Allocation Fund (UAAF)

- i) **Description of the Collective Investment Scheme category and type**
Asset Allocation / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
The investment objective of the Fund is to earn competitive return by investing in various asset classes/instruments based on the market outlook.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
Average of 6M KIBOR rate + 2%
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	Apr'17	May'17	Jun'17	FYTD
UAAF	2.84%	-0.19%	0.42%	-0.45%	2.74%	4.92%	1.65%	0.10%	0.80%	2.02%	1.56%	-2.59%	14.51%
Benchmark	1.71%	0.59%	0.90%	0.68%	0.66%	0.68%	0.68%	0.62%	0.68%	0.66%	0.68%	0.66%	9.59%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
The Fund Manager maintained moderate exposure of around 38% of net assets to local equities for most part of the year in order to capture the opportunities offered by cheap valuations in the market. At the end of Jun17, the portfolio's allocation was mostly concentrated in five major sectors i.e. Commercial Banks, Oil & Gas Exploration Companies, Cement, Fertilizers and Textile Composite. The Fund size closed the year at PKRs 2,635mn. The strategy of investing in quality blue chip companies with high dividend yield paid-off, as the fund yielded an impressive return of 14.51%, outperforming the benchmark by ~492bps. Also majority exposure was maintained in placements with banks and cash.
- vii) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-16	Jun-17
Equities	31%	38%
T-bills	0%	0%
PIBs	35%	0%
Term Finance Certificates / Sukuks	0%	0%
Cash	31%	51%
Others	2%	1%
Placements with banks	0%	9%
Leverage	Nil	Nil
Total	100%	100%

viii) Analysis of the Collective Investment Scheme's performance

FY'17 Return:	14.51%
Standard Deviation (12m trailing):	5.72%
Sharpe Ratio (12m trailing):	1.50

ix) Changes in total NAV and NAV per unit since the last year

Net Asset Value			NAV per unit		
30-Jun-17	30-Jun-16	Change	30-Jun-17	30-Jun-16	Change
Rupees (000)		%	Rupees		%
2,634,920	1,826,109	44.29	134.78	124.09	8.61

x) Disclosure on the markets that the Collective investment Scheme has invested in including review of the market(s) invested in and performance during the period

Debt Market Review – FY17

The International Crude Oil prices oscillated between USD 40 to 55 per barrel and closed the year at USD 46/barrel. Historically low oil prices along with stable commodity prices and exchange rate helped keep inflation under check at 4.1% as compared to 2.9% last year. Core measures of inflation witnessed a slight upward trajectory where NFNE which is somewhat sticky in nature increased to 5.5% compared to 4.6% posted in same period last year. Taking cues from lower inflation, the SBP decided to keep the policy rate at 5.75%.

In twelve PIB auctions conducted during the year, the government raised PKR869.3 billion (PKR 928 billion in FY16) against target of PKR 800 billion. Participation in the auctions was largely skewed towards three and five year paper with the participation ratio of 60% and 26% respectively. Cut off yields in June auction were 6.41%, 6.90% and 7.94% for three, five and ten year PIB instruments respectively.

The yield curve shifted upwards during FY17. Since the start of the fiscal year the secondary market yields for 3 Year, 5 Year and 10 Year PIB have come up by ~40bps, ~46bps and ~50bps respectively. The spread between annualized yields of 1-year T-bills (6.04% p.a.) and 10-year PIBs (8.17% p.a.) stood at 2.13% as of 30 June 2017.

Stock Market Review – FY17

During the year, the KSE-100 Index crossed the landmark of 50,000 points. The stock market gained over 15,000 points touching its peak of 52,876 points. The main reasons for this strong rally were increased spending on infrastructural development under PSDP and CPEC related activities along with the inclusion of PSX into the MSCI-EM Index. However, the bull rally could not stand ground as market subdued due to uncertainty relating to MSCI related flows, discouraging taxation regime for the capital markets followed by high political uncertainty surrounding Panama Case. The market eventually closed at 46,565 points, 5000 points below its peak, registering a return of 23% on FYTD basis. The sectors which outperformed include Engineering, Automobile & Parts, Utilities

and Oil Exploration Companies and Consumer Sector on account of increase in consumer demand and improvement in product margins.

In the Investor Portfolio, local investors remained net-buyers for FY17 absorbing the foreign selling of around USD 652mn. Despite inclusion into the MSCI-EM index inflows remained shy as compared to the incurred outflow. However, improving domestic economic prospects along with attractive valuations helped the index gain stability. The mutual fund industry remained on the forefront for absorbing the foreign selling of around USD 576mn and depicting confidence in fundamental strength of Pakistan's equity market.

During the year, the market was also driven upwards by the ongoing developments taking place under the China Pakistan Economic Corridor (CPEC). Stable oil prices kept inflation under control and helped to improve trade balance. The boom in infrastructure development fueled demand of Steel, Autos, Cement and Glass leading to appreciation of price levels of companies in the respective sectors.

Going forward, we expect the market to continue on its bull drive with our view premised on strong macroeconomic fundamentals, attractive stock valuations; robust corporate earnings growth and ongoing investments under the CPEC project. Meanwhile, growing consumer demand due to low interest rate environment and increasing per capita income will continue to generate interest in cyclical industries.

- xi) Disclosure on distribution (if any), comprising:-**
- particulars of income distribution or other forms of distribution made and proposed during the year; and
- statement of effects on the NAV before and after distribution is made

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			Rupees	
June 27,2016	-	131,658	7.34	142.5999	135.2600

- xii) Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements.**
There were no significant changes in the state of affairs of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

xiii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UAAF
0.0001 - 9,999.9999	945
10,000.0000 - 49,999.9999	164
50,000.0000 - 99,999.9999	21
100,000.0000 - 499,999.9999	20
500,000.0000 & Above	3
Total	1,153

xiv) Disclosure on unit split (if any), comprising:-

There were no unit splits during the period.

xv) Disclosures of circumstances that materially affect any interests of unit holders

Investments are subject to market risk.

xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

PERFORMANCE TABLE**UBL Asset Allocation Fund**

	2017	2016	2015
NET ASSETS AS AT 30 JUNE - Rupees in '000	2,634,920	1,826,109	999,622
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees			
Class A units - Offer *	137.07	126.54	118.87
- Redemption	134.78	124.09	116.54
RETURN OF THE FUND - %			
Total Return of the Fund	14.51	12.31	22.70
Capital Growth (per unit)	7.17	5.56	10.98
Date of Income Distribution	19-Jun-17	27-Jun-16	26-Jun-15
Income Distribution	7.34	6.75	11.72
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
AVERAGE ANNUAL RETURN - %			
Since Launch/ One Year	14.51	12.31	22.70
OFFER / REPURCHASE DURING THE YEAR- Rupees			
Highest price per unit - Class A units - Offer	150.54	134.53	132.59
Highest price per unit - Class A units - Redemption	148.02	131.92	129.99
Lowest price per unit - Class A units - Offer	126.21	119.28	106.78
Lowest price per unit - Class A units - Redemption	124.10	116.96	104.68
* Front-end load @1.5% is applicable			
PORTFOLIO COMPOSITION - %			
Percentage of Net Assets as at 30 June			
PORTFOLIO COMPOSITION BY CATEGORY - %			
Bank balances	51.00	17.00	3.00
placements with bank	9.00	50.00	58.00
Equity	38.00	33.00	39.00
others	2.00		
PORTFOLIO COMPOSITION BY MARKET - %			
Equity	38.00	33.00	39.00
Debt	62.00	67.00	61.00

Note:

- The Launch date of Fund is 19 August 2013.

DISCLAIMER

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

UBL ASSET ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Asset Allocation Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 19, 2017

**STATEMENT OF COMPLIANCE BY UBL FUND MANAGERS LIMITED WITH THE BEST
PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED
JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the “Code”), contained in Chapter 5 (clause 5.19.24) of Rule Book of Pakistan Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby, a listed entity is managed in compliance with the best practices of Corporate Governance.

The Board of Directors (the “Board”) of UBL Fund Managers Limited (the “Management Company”), which is an unlisted public company, manages the affairs of **UBL Asset Allocation Fund** (the “Fund”). The Fund being a unit trust open end scheme does not have its own Board of Directors. The units of the Fund are listed as a security on the Pakistan Stock Exchange Limited; therefore, the Management Company has applied the principles contained in the Code to the Fund in the following manner:

01. The Management Company encourages representation of independent non-executive directors. All the directors except the Chief Executive Officer of the Management Company are non-executive directors, two of whom are independent non-executive directors.

Category	Name
Independent Directors	Mr. Tariq Kirmani
	Mr. Shabbir Hussain Hashmi
Executive Directors	Mr. Yasir Qadri
Non - Executive Directors	Mr. Zia Ijaz
	Mr. Zulfiqar Alavi
	Syed Furrukh Zaeem
	Mirza Muhammad Sadeed Hassan Barlas

The independent directors meet the criteria of independence under regulation 5.19.1(b) of the Rule Book of Pakistan Stock Exchange Limited.

02. The existing directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Management Company.
03. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
04. No casual vacancy occurred on the Board during the year.
05. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.

06. The Board has developed a vision / mission statement, overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
07. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
08. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
09. In order to apprise the directors on their duties and responsibilities and the requirements of the Code, the Management Company has a process in place to conduct formal orientations for new directors. Furthermore, five directors on the Board have completed the Director Training Program (DTP) and are certified directors, while two Independent directors are exempt from the DTP under the Code of Corporate Governance 2012. The directors are well conversant with the relevant laws applicable to the Fund and the Management Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. There was no appointment of CFO, Company Secretary and Head of Internal Audit during the year.
11. The Directors' report relating to the Fund for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
13. The Directors, CEO, and executives do not hold any interest in the units of the Fund other than that being disclosed in the Directors' Report.
14. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed a Board Audit Committee which comprises of five members, all of whom are non-executive directors including the chairman of the Committee who is an independent non-executive director.
16. The meetings of the Board Audit Committee were held, at least, once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference have been approved in the meeting of the Board of Directors and the Committee has been advised to ensure compliance with those terms of reference.

17. The Management Company has an in-house internal audit function. The internal audit team is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Fund and they are involved in the internal audit function on a full time basis.
18. The Board has formed a Human Resource and Compensation Committee. It comprises of four members, of whom three are non-executive directors, one is an executive director and the chairman of the Committee is an independent non- executive director.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Fund's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles contained in the Code have been complied with.

YASIR QADRI
Chief Executive

Karachi.
Dated: **August 23, 2017**



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Chartered Accountants
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Review report to the Unit holders of UBL Asset Allocation Fund ("the Fund") on the Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of UBL Fund Managers Limited ("the Management Company") of the Fund for the year ended 30 June 2017 to comply with the requirements of Clause No. 5.19.24 of Rule Book of Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company of the Fund to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2017.

Date: 23 August 2017

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



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Independent Auditors' Report to the Unit holders

Report on the Financial Statements

We have audited the accompanying financial statements of **UBL Asset Allocation Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2017, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.



KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: 23 August 2017

Karachi

A handwritten signature in black ink, appearing to read 'Mazhar Saleem', written over a horizontal line.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

UBL Asset Allocation Fund
Statement of Assets and Liabilities
As at 30 June 2017

	<i>Note</i>	30 June 2017	30 June 2016
		(Rupees in '000)	
Assets			
Bank balances	5	1,364,025	573,858
Term deposit receipt	6	250,000	-
Investments	7	1,028,541	1,245,206
Dividend receivable		1,478	1,347
Profits receivable	9	9,720	26,621
Deposits and other receivables	10	15,946	8,478
Advance tax	11	1,202	860
Preliminary expenses and floatation costs	12	229	427
Total assets		2,671,141	1,856,797
Liabilities			
Payable to the Management Company	13	6,825	3,769
Payable to Central Depository Company of Pakistan Limited - Trustee	14	350	282
Payable to Securities and Exchange Commission of Pakistan	15	2,283	1,617
Accrued expenses and other payables	16	26,763	25,020
Total liabilities		36,221	30,688
Net assets		2,634,920	1,826,109
Unit holders' funds (as per the statement attached)		2,634,920	1,826,109
Contingency	23		
		(Number)	
Number of units in issue (face value of units is Rs. 100 each)		19,550,460	14,716,282
		(Rupees)	
Net asset value per unit	4.10	134.78	124.09

The annexed notes from 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

UBL Asset Allocation Fund

Income Statement

For the year ended 30 June 2017

	Note	30 June 2017	30 June 2016
(Rupees in '000)			
Income			
Financial income	17	97,130	81,247
Net capital gain on redemption and sale of investments	18	148,506	27,486
Dividend income		34,921	33,846
Net unrealised gain on revaluation of investments classified as 'at fair value through profit or loss'	8	61,623	94,793
Other income		91	331
Total income		342,271	237,703
Expenses			
Remuneration of the Management Company	13.1	24,032	17,020
Sindh Sales tax on the Management Company's remuneration	13.2	3,124	2,383
Allocation of expenses relating to the Fund	13.3	2,403	1,104
Provision for indirect duties and taxes	16.2	-	3,104
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	14	3,846	3,080
Annual fee of Securities and Exchange Commission of Pakistan	15	2,283	1,617
Auditors' remuneration	19	516	318
Legal and professional charges		292	141
Brokerage expenses		4,765	3,934
Amortisation of preliminary expenses and floatation costs	12	198	200
Bank charges		81	30
Listing fees		55	25
Other expenses		4,363	1,021
Total operating expenses		45,958	33,978
Net income from operating activities		296,313	203,725
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		49,151	(4,293)
Reversal of provision for Workers' Welfare Fund	16.1	5,947	-
Provision for Sindh Workers' Welfare Fund	16.1	(10,804)	-
		(4,857)	-
Net income for the year before taxation		340,607	199,431
Taxation	20	-	-
Net income for the year after taxation		340,607	199,431

The annexed notes from 1 to 31 form an integral part of these financial statements.

**For UBL Fund Managers Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

UBL Asset Allocation Fund
Statement of Comprehensive Income
For the year ended 30 June 2017

	30 June 2017 (Rupees in '000)	30 June 2016
Net income for the year after taxation	340,607	199,431
Other comprehensive income for the year	-	-
Total comprehensive income for the year	340,607	199,431

The annexed notes from 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

UBL Asset Allocation Fund
Distribution Statement
For the year ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees in '000)	
Undistributed income brought forward comprises of:		
- Realised income	166,973	116,247
- Unrealised income	94,793	34,404
Undistributed income brought forward	261,766	150,651
Net income for the year	340,607	199,432
Distribution to unit holders' of the Fund:		
Interim cash distribution at the rate of Rs. 7.34 per unit declared on 19 June 2017 (27 June 2016: Rs. 6.75)	(131,658)	(88,317)
Undistributed income carried forward	470,715	261,766
Undistributed income carried forward comprises of:		
- Realised income	409,093	166,973
- Unrealised income	61,623	94,793
Undistributed income carried forward	470,715	261,766

The annexed notes from 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

UBL Asset Allocation Fund
Statement of Movement in Unit Holders' Funds
For the year ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees in '000)	
Net assets at beginning of the year	1,826,109	999,622
Proceeds from issuance of 19,087,318 units during the year (30 June 2016: 18,590,640 units)	2,573,689	2,259,171
Payments on redemption of 14,253,140 units during the year (30 June 2016: 12,452,059 units)	(1,924,676)	(1,548,092)
	649,013	711,079
	2,475,122	1,710,701
Net element of (income) / loss and capital (gains) / losses in prices of units issued less those in units redeemed	(49,151)	4,293
Net capital gain on sale of investment	148,506	27,486
Net unrealised gain on revaluation of investments classified as 'at fair value through profit or loss'	61,623	94,793
Other net income for the year	130,478	77,154
Distribution for the year	(131,658)	(88,317)
Net income for the year less distribution	208,949	111,116
Net assets at end of the year	2,634,920	1,826,110
Net assets value per unit as at beginning of the year	124.09	116.54
Net assets value per unit as at end of the year	134.78	124.09

The annexed notes from 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

UBL Asset Allocation Fund

Cash Flow Statement

For the year ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	340,607	199,432
Adjustments for non-cash and other items:		
Financial income	(97,130)	(81,247)
Net capital gain on sale of investment	(148,506)	(27,486)
Dividend income	(34,921)	(33,846)
Provision for indirect duties and taxes	-	3,104
Provision for Sindh Workers' Welfare Fund	10,804	-
Reversal of Provision for Workers' Welfare Fund	(5,947)	-
Net unrealised gain on revaluation of investments classified as 'at fair value through profit or loss'	(61,623)	(94,793)
Amortisation of preliminary expenses and floatation costs	198	200
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(49,151)	4,293
	(386,276)	(229,774)
Net cash used in operations before working capital changes	(45,669)	(30,342)
Working capital changes		
<i>Decrease / (increase) in assets</i>		
Investments	426,794	(189,533)
Term Deposit Receipt	(250,000)	-
Advance against Pre-IPO	-	3,000
Receivable against unit issuance	(6,633)	(652)
Receivable against sale of investment	(335)	24,060
Security deposit with National Clearing Company of Pakistan Limited	(500)	-
Prepaid rating fee	-	48
Advance tax	(342)	(860)
	168,984	(163,937)
<i>Increase / (decrease) in liabilities</i>		
Payable to the Management Company	3,056	2,547
Payable to Central Depository Company of Pakistan - Trustee	68	115
Payable to Securities and Exchange Commission of Pakistan	666	757
Accrued and other payables	(3,114)	5,944
	676	9,363
Profits received	114,031	79,792
Net cash flows generated from / (used in) operating activities	238,022	(105,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	2,573,689	2,259,171
Payments on redemption of units	(1,924,676)	(1,548,092)
Dividend received	34,790	33,502
Cash distribution to unit holders	(131,658)	(88,317)
Net cash flows generated from financing activities	552,145	656,264
Net increase in cash and cash equivalents	790,167	551,139
Cash and cash equivalents at beginning of the year	573,858	22,719
Cash and cash equivalents at end of the year	1,364,025	573,858
CASH AND CASH EQUIVALENTS		
Bank balances	1,364,025	573,858
	1,364,025	573,858

The annexed notes from 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

UBL Asset Allocation Fund
Notes to the Financial Statements
For the year ended 30 June 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Asset Allocation Fund (the Fund) was established under the Non Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open end mutual fund by the Securities and Exchange Commission of Pakistan. It was constituted under a Trust Deed, dated 29 May 2013 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited ("CDC") as the Trustee.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi,

The Fund is an open end mutual fund and units of the fund are listed on the Pakistan Stock Exchange Limited. The units of the Fund can be transferred to/from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units of the Fund were initially offered to the public (IPO) on 19 August 2013. The Fund commenced its operations from 20 August 2013.

The policy of the Fund is to invest in a diversified portfolio of shares of listed companies, spread transactions and other money market instruments. Under circular 07 dated 6 March 2009 issued by the SECP, the Fund has been categorised by the Management Company as an Asset Allocation Fund.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008) and directives issued by the SECP. Wherever, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, 2008 and the said directives differ with the requirements of these Standards, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, 2008 and the said directives shall prevail (refer note 3.4).

3. BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention, except those financial assets that have been carried at fair values in accordance with the requirements of International Accounting Standard (IAS) 39.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All amounts have been rounded off to the nearest thousand,, unless otherwise stated.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the Management Company to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable in the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Classification and valuation of financial instruments (note 4.1.1, 4.1.4, 7 and 24)
- b) Impairment of financial instruments (note 4.1.5)

3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

The above amendments are not likely to have an impact on the Fund's financial statements.

- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 01 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. The application of Companies Act 2017 is not likely to have financial impact on the Fund's financial statements except extended disclosures.
- SECP through SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The amendments require additional disclosures and recording of element of income / loss included in price of unit issued or redeemed in Statement of Movements in Reserves or Unit holders' Fund instead of Income Statement. The SRO also deleted 'Distribution Statement' and its contents along with certain additional break-ups and disclosures to be included on the face of 'Income Statement' and 'Statement of Movements in Reserves or Unit holders' Fund'.

Further, new amendments changed the definition of accounting income in regulation (63) sub-regulation (I) which is now to be determined after taking into account the element of income / loss relating to the redemption of units. This change will be applied prospectively and may affect the charge for Sindh Workers' Welfare Fund (SWWF) and consequently, the Net Asset Value per unit of the Fund in future.

4. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Financial assets

4.1.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. The Fund classifies its financial assets in the following categories::

a) Financial assets as 'at fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category.

b) Available-for-sale financial assets

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables or financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for the liquidity or change in price.

c) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

4.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.1.3 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

4.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

'Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

Basis of valuation of debt securities

Investment in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP via Circular 1 of 2009, Circular 33 of 2012 and Circular 35 of 2012. The Circulars also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Basis of valuation of government securities

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV and PKISRV rates) which are based on the remaining tenor of the securities.

Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised. At this time, the cumulative gain or loss previously recognised in the other comprehensive income is transferred to income before taxation.

4.1.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. In case of investment classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is reclassified from the statement of comprehensive income to the income statement.

For financial assets classified as 'loans and receivable', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is measured as the difference between the asset's carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

Provision against non-performing debt securities is made in accordance with the provisioning criteria for non-performing debt securities specified by the SECP. As allowed by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circulars, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

4.1.6 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

4.2 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.4 Unitholders' fund

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

4.5 Securities under repurchase / resale agreement

Transactions of sale under repurchase (repo), of marketable and government securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

Transactions of purchase under resale (reverse repo), of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a simultaneous commitment to resale at a specified future date (reverse repos) are not recognised in the statement of assets and liabilities.

4.6 Preliminary expenses and floatation cost

Preliminary expenses represent expenditure incurred prior to the commencement of operations of the Fund. These costs had been amortised over a period of five years commencing from 7 November 2010. (also refer note 12 to the financial statements.)

4.7 Issuance and redemption of units

Units issued are recorded at the offer price, prevalent on the day on which the applications for purchase of units are received (however units are issued on the receipt of cash / realisation of cheques). The offer price represents the net asset value per unit as of the close of the business day plus the allowable front-end sales load. The front-end sales load is payable to the Management Company as processing fee. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load. Redemption of units is recorded on acceptance of application for redemption.

4.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called 'element of income / (loss) and capital gains / (losses)' included in prices of units issued less those in units redeemed is set up in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) held in the unitholder's funds in a separate account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

4.9 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.10 Net asset value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

4.11 Taxation

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed in the form of cash among the unit holders.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in the form of cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

4.12 Revenue recognition

- Capital gains / (losses) arising on sale and redemption of investments are included in the Income Statement on the date at which the transaction takes place.
- Dividend income is recognised when the right to receive the dividend is established.
- Unrealized gains / (losses) arising on revaluation of investments classified as 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in income statement on the date of issue and redemption of units.
- Income on debt and government securities is recognised on time proportion basis using the effective yield
- Profit on saving accounts and term deposits is recognised taken into account the effective yield.

4.13 Expenses

All expenses including Management fee, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement on accrual basis.

4.14 Earnings per unit

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

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost. These comprise of deposits with banks and highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investments for other purposes.

4.16 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4.17 Other assets

Other assets are stated at cost less impairment losses, if any.

		30 June 2017	30 June 2016
5.	BANK BALANCES	(Rupees in '000)	
	Saving accounts	5.1 <u>1,364,025</u>	<u>573,858</u>

- 5.1 These carry profit rates ranging from 4% to 6.6% (30 June 2016: 4% to 5.75%) per annum. It includes balance with United Bank Limited (Holding Company of the Management Company) of Rs. 14.657 million (30 June 2016: Rs. 5.329 million) carrying profit rate of 4% (30 June 2016: 4%) per annum.

	Note	30 June 2017	30 June 2016
		(Rupees in '000)	
6. TERM DEPOSIT RECEIPT			
Commercial bank	6.1	250,000	-

6.1 It carries profit at rate of 6.75% per annum and will mature on 04 July 2017.

7. INVESTMENTS

Designated at fair value through profit or loss

- Debt securities	7.1	6,483	7,857
- Government securities	7.2	-	658,001
		6,483	665,858

Held for Trading

- Quoted equity securities	7.3	1,022,058	579,348
		1,028,541	1,245,206

7.1 Debt securities - designated at fair value through profit or loss (Term Finance Certificates of Rs. 5000 each unless stated otherwise)

Name of Security	Note	As at 01 July 2016	Purchased during the year	Sold / matured during the year	As at 30 June 2017	Carrying value as at 30 June 2017	Market value as at 30 June 2017	Market value as at 30 June 2016	Percentage of total investments	Percentage of net assets
		(Number of certificates)				(Rupees in '000)				
<u>Unquoted</u>										
Electricity										
WAPDA-TPC-(27-9-13)	7.1.1 & 7.1.2	2,000	-	-	2,000	6,429	6,483	7,857	0.6%	0.25%

7.1.1 The outstanding principal is Rs. 3,214 million (30 June 2016 is Rs. 3,929 million). The term finance certificate carries mark-up at the rate of 6 months KIBOR + 1% per annum and will mature in October 2021.

7.1.2 The cost of these investments is Rs. 6,429 million (30 June 2016: Rs. 7,858 million).

7.2 Government securities - designated at fair value through profit or loss

	Yield	Maturity up to	As at 01 July 2016	Purchased during the year	Sold / matured during the year	As at 30 June 2017	Cost / carrying value as at 30 June 2017	Market value as at 30 June 2017	Market value as at 30 June 2016	Percentage of total investments	Percentage of net assets
			(Number of Holdings)				(Rupees in '000)				
Treasury Bills - 3 months	-	-	-	58,000	(58,000)	-	-	-	-	-	-
Treasury Bills - 1 year	-	-	-	6,000	(6,000)	-	-	-	-	-	-
Pakistan Investment Bond -5 Years	-	-	1,000	-	(1,000)	-	-	-	112,333	10.92%	4.26%
Pakistan Investment Bond -10 Years	-	-	4,500	500	(5,000)	-	-	-	543,668	53.05%	20.71%
							-	-	658,001	63.97%	24.97%

7.3

Quoted equity securities - 'held for trading'

Ordinary shares have a face value of Rs. 10/- each.

Sectors / Companies	(Number of shares)					(Rupees in '000)					Paid up capital of investee company (with face value of investment)
	As at 01 July 2016	Purchased during year	Bonus / right issue during the year	Sold during the year	As at 30 June 2017	Cost / carrying value	Market value	Appreciation / (diminution)	As percentage of total investments	As percentage of net assets	
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited	24,600	49,480	-	(28,350)	45,730	50,770	72,054	21,284	7.01%	2.73%	0.07
Pakistan State Oil Company Limited	152,500	48,000	-	(122,900)	77,600	31,460	30,058	(1,402)	2.92%	1.14%	0.03
Oil and Gas Development Company Limited	-	300,000	-	(105,800)	194,200	29,219	27,322	(1,897)	2.66%	1.04%	0.03
Hi-Tech Lubricants Limited	-	100,000	-	(100,000)	-	-	-	-	-	-	-
Pakistan Oil Fields Limited	-	60,000	-	(60,000)	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	241,400	-	(30,000)	211,400	35,924	31,318	(4,606)	3.04%	1.19%	0.03
Sui Northern Gas Pipelines Limited	-	532,000	-	(532,000)	-	-	-	-	-	-	-
						147,373	160,752	13,379	15.63%	6.10%	0.16
POWER GENERATION & DISTRIBUTION											
Hub Power Company Limited	359,100	330,200	-	(419,000)	270,300	32,685	31,741	(944)	3.09%	1.20%	0.03
K-Electric Limited	-	6,300,000	-	(5,000,000)	1,300,000	12,675	8,971	(3,704)	0.48%	0.34%	0.01
Kot Addu Power Company	-	100,000	-	(100,000)	-	-	-	-	-	-	-
Lahir Power Limited	-	2,020,500	-	(2,020,500)	-	-	-	-	-	-	-
						45,360	40,712	(4,648)	3.57%	1.55%	0.04
AUTOMOBILE AND PARTS											
Indus Motor Company Limited	-	8,850	-	(1,850)	7,000	12,145	12,555	410	1.22%	0.48%	0.01
Honda Atlas Cars (Pakistan) Limited	-	36,100	-	(4,500)	31,600	21,041	27,419	6,378	2.67%	1.04%	0.03
Pak Suzuki Motor Company Limited	-	64,550	-	(32,700)	31,850	20,077	24,854	4,777	2.42%	0.94%	0.02
Thal Limited	-	48,300	-	-	48,300	20,660	29,271	8,611	2.85%	1.11%	0.03
Ghandara Industries Limited	-	7,250	-	(7,250)	-	-	-	-	-	-	-
Agriauto Industries Limited	-	100,300	-	(52,700)	47,600	12,356	20,558	8,202	2.00%	0.78%	0.02
						86,279	114,657	28,378	11.15%	4.35%	0.11
INVESTMENT BANKS/INVESTMENT COMPANIES/SECURITIES COMPANIES											
Pakistan Stock Exchange Limited	-	524,833	-	-	524,833	14,695	13,478	(1,217)	1.31%	0.51%	0.01
INDUSTRIAL METAL & MINING											
Amreli Steels Limited	450,000	409,000	-	(747,500)	111,500	10,121	13,709	3,588	1.33%	0.52%	0.01
Mughal Iron & Steel Industries	-	523,000	123,000	(523,000)	123,000	5,220	9,930	4,710	0.97%	0.38%	0.01
Ittefaq Iron Industries Limited	-	365,896	-	-	365,896	11,050	11,050	0	1.07%	0.42%	0.01
Aisha Steel Limited	-	2,080,400	488,900	(2,080,400)	488,900	8,009	9,944	1,935	0.97%	0.38%	0.01
International Steel Limited	697,500	-	-	(697,500)	-	-	-	-	-	-	-
						34,400	44,633	10,233	4.34%	1.69%	0.04
PHARMACEUTICALS											
The Searl Company Limited (7.3.1)	102,190	-	17,345	(91,100)	28,435	12,158	14,558	2,400	1.42%	0.55%	0.01
Highnoon Laboratories Limited	-	42,952	-	-	42,952	27,095	26,900	(195)	2.62%	1.02%	0.03
						39,253	41,458	2,205	4.03%	1.57%	0.04

	As at 01 July 2016	Purchased during year	Bonus / right issue during the year	Sold during the year	As at 30 June 2017	Cost / carrying value	Market value	Appreciation / (diminution)	As percentage of total investments	As percentage of net assets	Paid up capital of investee company (with face value of investment)
	(Number of shares)			(Rupees in '000)							
CHEMICALS											
Engro Corporation Limited	176,600	89,600	-	(122,400)	143,800	49,781	46,866	(2,915)	4.56%	1.78%	0.05
Engro Fertilizers Limited	-	1,063,000	-	(413,000)	650,000	44,648	35,906	(8,742)	3.49%	1.36%	0.03
ICI Pakistan Limited	-	26,300	-	(600)	25,700	22,836	28,130	5,294	2.73%	1.07%	0.03
Engro Polymer & Chemicals Limited	-	881,000	-	(93,000)	788,000	22,496	28,762	6,266	2.80%	1.09%	0.03
						139,761	139,664	(97)	13.58%	5.30%	0.14
CONSTRUCTION AND MATERIAL											
Attock Cement Pakistan Limited	87,600	48,200	-	(93,800)	42,000	10,361	12,712	2,351	1.24%	0.48%	0.01
Thatta Cement Company Limited	-	350,000	-	(350,000)	-	-	-	-	-	-	-
Cherat Cement Company Limited	-	215,000	-	(103,000)	112,000	19,773	20,023	250	1.95%	0.76%	0.02
Kohat Cement Company Limited	-	75,000	-	(75,000)	-	-	-	-	-	-	-
Pioneer Cement Limited	-	249,000	-	(249,000)	-	-	-	-	-	-	-
D.G Khan Cement Company Limited (7.3.2)	228,400	112,000	-	(165,500)	174,900	34,151	37,282	3,131	3.62%	1.41%	0.04
Lucky Cement Limited	122,900	10,000	-	(74,700)	58,200	39,562	48,670	9,108	4.73%	1.85%	0.05
						103,847	118,687	14,840	11.54%	4.50%	0.12
TEXTILE											
Nishat Mills Limited	-	286,000	-	-	286,000	47,902	45,382	(2,520)	4.41%	1.72%	0.04
Crescent Textile Mills Limited	-	1,000,000	-	(1,000,000)	-	-	-	-	-	-	-
Kohinoor Textile Mills Limited	-	279,000	-	(279,000)	-	-	-	-	-	-	-
Gul Ahmed Textile Mills Limited	-	437,000	-	(5,000)	432,000	10,919	17,703	6,784	1.72%	0.67%	0.02
Nishat Chunian Limited	-	970,000	-	(700,000)	270,000	16,048	13,856	(2,192)	1.35%	0.53%	0.01
						74,869	76,941	2,072	7.48%	2.92%	7.48%
FOOD & PERSONAL CARE PRODUCT											
Al Shaheer Corporation Limited	-	243,500	-	-	243,500	11,788	9,767	(2,021)	0.95%	0.37%	0.01
GLASS & CERAMICS											
Tariq Glass Industries Limited	-	218,000	-	-	218,000	26,322	24,146	(2,176)	2.35%	0.92%	0.02
CABLE AND ELECTRICAL GOODS											
Pak Electron Limited	-	417,500	-	(212,500)	205,000	19,512	22,616	3,104	2.20%	0.86%	0.02
REAL ESTATE INVESTMENT TRUST											
TPL Properties Limited	200,000	-	-	(200,000)	-	-	-	-	-	-	-
INSURANCE											
Adamjee Insurance Limited	-	367,500	-	(73,000)	294,500	22,483	20,132	(2,351)	1.96%	0.76%	0.02
PAPER & BOARD											
Packages Limited	4,400	-	-	(4,400)	-	-	-	-	-	-	-
Cherat Packaging Limited	82,800	-	-	(82,800)	-	-	-	-	-	-	-

	As at 1 July 2016	Purchased during year	Bonus / right issue during the year	Sold during the year	As at 30 June 2017	Cost / carrying value	Market value	Appreciation / (diminution)	As percentage of total investments	As percentage of net assets	Paid up capital of investee company (with face value of investment)
	(Number of shares)				(Rupees in '000)						
BANKS											
Habib Bank Limited	152,000	74,000	-	(124,700)	101,300	23,152	27,264	4,112	2.65%	1.03%	0.03
Allied Bank Limited	-	588,000	-	(93,000)	495,000	47,262	44,362	(2,900)	4.31%	1.68%	0.04
Arif Habib Limited	-	348,000	-	(101,500)	246,500	20,904	19,821	(1,083)	1.93%	0.75%	0.02
Bank Alfalah Limited	-	747,500	-	(597,500)	150,000	6,225	6,030	(195)	0.59%	0.23%	0.01
Bank Al Habib Limited	-	700,500	-	(700,500)	-	-	-	-	-	-	-
Faysal Bank Limited	-	877,500	-	(249,000)	628,500	14,234	14,141	(93)	1.37%	0.54%	0.01
MCB Bank Limited	80,000	250,500	-	(142,300)	188,200	41,739	39,603	(2,136)	3.85%	1.50%	0.04
United Bank Limited* (7.3.2)	229,200	254,800	-	(300,600)	183,400	41,031	43,194	2,164	4.20%	1.64%	0.04
						194,547	194,415	(131)	18.90%	7.38%	0.19
Total equity securities as on 30 June 2017						960,489	1,022,058	61,569	99%	39%	0.99
Total equity securities as on 30 June 2016						522,405	579,348	56,931	56.08%	21.89%	

* This represents investment held in a related party.

7.3.1 The Finance Act, 2015 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. However, the management of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, has filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule of Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. Accordingly, the investee company(s) has withheld the shares equivalent to 5% of bonus announcement and not deposited in CDC account of department of Income Tax. Further, shares against withholding tax held by Searle Company Limited have neither been released nor deposited with the Government Treasury. However, the Fund has included the withheld bonus shares in the portfolio on the basis of the aforementioned stay order.

7.3.2 The above equity securities include shares pledged with National Clearing Company of Pakistan Limited having a market value (in aggregate) amounting to Rs 33.092 million (30 June 2016: Rs 27.895 million) for guaranteeing settlement of the Fund's trades in accordance with circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

8. Net unrealised gain on revaluation of investments classified as 'at fair value through profit or loss'	30 June 2017	30 June 2016
	(Rupees in '000)	
Market value of investments	1,028,541	1,245,206
Less: carrying value of investments	(966,918)	(1,150,413)
	61,623	94,793

9. PROFITS RECEIVABLE

Profits receivable on :

- Bank balances	5,537	2,089
- Term deposit receipt	4,069	-
- Term finance certificate	114	153
- Pakistan investment bonds	-	24,379
	9,720	26,621

10. DEPOSITS AND OTHER RECEIVABLES

Receivable against issuance of units	12,511	5,878
Security deposit with National Clearing Company of Pakistan Limited	3,000	2,500
Receivable against sale of investments	335	-
Security deposit with Central Depository Company of Pakistan Limited	100	100
	15,946	8,478

11. ADVANCE TAX

The income of the fund is exempt under clause 99 of Part I of the Second schedule of the Income Tax Ordinance 2001 and funds are exempt under clause 47(B) of ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue. During the year various withholding agents have deducted advance tax under section 151 and 150 of the Income Tax Ordinance, 2001. The management is confident that the same shall be refunded after filling return for tax year 2017.

	<i>Note</i>	30 June 2017	30 June 2016
12. PRELIMINARY EXPENSES AND FLOATATION COSTS			
		(Rupees in '000)	
Preliminary expenses and floatation costs		427	627
Amortisation during the year		(198)	(200)
		<u>229</u>	<u>427</u>

13. PAYABLE TO THE MANAGEMENT COMPANY

Management remuneration payable	13.1	2,273	1,661
Sindh Sales Tax on management remuneration	13.2	296	233
Payable against allocated expenses	13.3	470	1,104
Sales load and other payables		681	771
Selling and marketing expenses	13.4	3,105	-
		<u>6,825</u>	<u>3,769</u>

13.1 As per regulation 61 of amended Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 2% of average annual net assets in case of Asset Allocation Scheme. The Management Company has charged remuneration at the rate of 1 % per annum of the average daily net assets of the Fund. The remuneration is paid to the Management Company on monthly basis in arrears.

13.2 Sindh Sales Tax has been charged at 13% (30 June 2016: 14%) on the management fee charged during the year.

13.3 As a result of amendments in NBFC Regulations vide statutory notification (SRO No. 1160 / (I) dated 25 November 2015), the Management Company may charge fee and expenses related to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) upto a maximum of 0.1% per annum of the average annual net assets or the actual cost whichever is lower. Accordingly such expenses have been charged effective from 25 November 2015.

13.4 Securities and Exchange Commission of Pakistan (SECP) vide a circular No.40 SCD/PRDD/ Circular/361/2016 dated 30 December 2016, allowed the Asset Management Companies to charge selling and marketing expenses to open end equity, asset allocation and index funds, initially for three years (from 1 January 2017 till 31 December 2019). Maximum cap of selling and marketing expenses shall be 0.4% per annum of net assets of fund or actual expenses whichever is lower. Accordingly, such expenses have been charged effective from 21 March 2017.

14. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee for the year ended 30 June 2017 is as follows:

On net assets:	Tariff per annum
- up to Rs.1 billion	Higher of Rs. 0.7 million or 0.2% per annum of Net Asset Value
- exceeding Rs.1 billion	Rs. 2 million plus 0.10% per annum of Net Asset Value

15. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Fund is required to pay SECP an annual fee at the rate of 0.095% of the average daily net assets of the Fund in accordance with regulation 62 of the NBFC regulations 2008.

		30 June 2017	30 June 2016
16. ACCRUED EXPENSES AND OTHER PAYABLES		(Rupees in '000)	
Provision for Sindh Workers' Welfare Fund	16.1	10,804	-
Provision for Workers' Welfare Fund	16.1	-	5,947
Provision for indirect duties and taxes	16.2	6,977	6,977
Brokerage payable		900	1,638
Auditors' remuneration payable		329	194
Other payables		7,753	10,264
		<u>26,763</u>	<u>25,020</u>

- 16.1 Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended to all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court of Pakistan(SCP).

During the current year, the SCP vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment which are currently pending with the SCP.

Further, as a consequence of passage of 18th amendment to the Constitution, levy for WWF was also introduced by the Government of Sindh(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) dated August 2016 believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the mutual funds as they are not a Financial Institution as required under SWWF Act, 2014. 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 Federal and 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 judgement are very limited), has recommended to all its members on 12 January 2017 the following:

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

The above decisions of MUFAP were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange on 12 January 2017. In response to the aforementioned letter, SECP vide its letter dated 1 February 2017 advised MUFAP that the adjustments relating to the above should be made prospectively and adequate disclosure shall be made in the condensed interim financial information of mutual funds. Accordingly, the Fund has recorded these adjustments in its books of account on 12 January 2017.

The Management Company has provided for SWWF for the period from 21 May 2015 to 30 June 2017, amounting to Rs. 10.804 million. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.55.

- 16.2** As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for decision.

However, since the appeal is pending in the Honourable Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying amount payable in respect to FED for the period from 13 June 2013 to 30 June 2016 aggregating to Rs. 6.977 million (30 June 2016: Rs. 6.977 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.36 (30 June 2016: Re. 0.47) per unit.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provincial sales tax. Accordingly, no FED is payable with effect from 01 July 2016.

17. FINANCIAL INCOME	30 June	30 June
	2017	2016
	(Rupees in '000)	
Profits on:		
- Treasury bills	45,361	4,604
- Pakistan Investment Bonds	23,901	57,824
- Bank balances	23,124	18,143
- Term deposit receipt	4,238	-
- Term Finance Certificates	506	676
	97,130	81,247

	For the year ended	
	30 June 2017	30 June 2016
18. NET CAPITAL GAIN ON SALE OF INVESTMENTS	(Rupees in '000)	
On		
- Equity shares	161,903	2,804
- Treasury bills	(94)	23
- Pakistan Investment Bonds	(13,303)	24,659
	<u>148,506</u>	<u>27,486</u>

19. AUDITORS' REMUNERATION

Annual audit fee	190	131
Half yearly review fee	135	79
Fee for other certifications and services	140	53
Out of pocket expenses including Sindh Sales Tax	51	55
	<u>516</u>	<u>318</u>

20. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

21. TOTAL EXPENSE RATIO

In the current year, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, requires that collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended 30 June 2017 is 2.36% which include 0.69% representing government levy, Workers' Welfare Fund and SECP fee.

22. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al - Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under the common management or directorship, Central Depository Company of Pakistan Limited as trustee and custodian of the Fund, the directors and officers of the Management Company and unit holders holding 10% or more of the Fund's net assets.

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

All other transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with the market rates.

Details of transactions with related parties / connected persons and balances with them at the year end, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
(Transactions during the year ended 30 June 2017)						
(Rupees in '000)						
Units issued	-	265,000	-	-	719	-
Units redeemed	56,259	-	-	-	-	-
Profit on savings accounts	-	2,167	-	-	-	-
Bank charges	-	24	-	-	-	-
Purchase of securities	-	61,282	-	-	-	-
Sale of securities	-	70,248	-	-	-	-
Dividend received	-	2,377	-	-	-	-
Dividend paid	-	45,397	-	-	798	-
Remuneration to the Management Company	24,032	-	-	-	-	-
Sales tax on Management Fee	3,124	-	-	-	-	-
Remuneration to the Trustee	-	-	3,846	-	-	-
Allocated Expenses	2,403	-	-	-	-	-
Custodian fee	-	-	-	-	-	-

(Balances held as at 30 June 2017)						
Units held (Number of units in '000)	-	6,185	-	-	114	-
Units held (Amount in '000)	-	833,585	-	-	15,378	-
Bank balances	-	14,657	-	-	-	-
Remuneration payable	2,273	-	1,661	-	-	-
Sales load and other payable	681	184	-	-	-	-
Selling & Marketing Expense Payable	3,105	-	-	-	-	-
Allocated expenses	470	-	-	-	-	-
Profit receivable	-	59	-	-	-	-
Remuneration payable to Trustee	-	-	350	-	-	-
Investments	-	43,194	-	-	-	-

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
(Transactions during the year ended 30 June 2016)						
(Rupees in '000)						
Profit on savings accounts	-	789	-	-	-	13
Bank charges	-	11	-	-	-	-
Units issued	52,150	500,000	-	-	58,855	-
Units redeemed	-	-	-	-	38,141	-
Purchase of securities	-	-	-	-	-	-
Sale of securities	-	64,762	-	-	-	-
Dividend received	-	1,718	-	-	-	-
Dividend paid	2,867	28,252	-	-	700	-
Remuneration to the Management Company	17,020	-	-	-	-	-
Sales tax on Management fee	2,383	-	-	-	-	-
Remuneration to the Trustee	-	-	3,080	-	-	-
Allocated Expenses	1,104	-	-	-	-	-
Custodian fee	-	-	99	-	-	-

(Balances held as at 30 June 2016)						
Units held (Number of units in '000)	442	4,185	-	-	251	-
Units held (Amount in '000)	54,871	519,368	-	-	31,187	-
Bank balances	-	46,117	-	-	-	66
Remuneration payable	1,661	-	-	-	-	-
Sales tax on Management fee	233	-	-	-	-	-
Sales load and other payable	771	213	-	-	-	-
Allocated expenses	1,104	-	-	-	-	-
Profit receivable	-	80	-	-	-	2
Remuneration payable to Trustee	-	-	282	-	-	-
Investments	-	40,788	-	-	-	-

23. CONTINGENCY

As at 30 June 2017, there is no contingency.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund's accounting policy on fair value measurements of investments is discussed in note 4.1 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments

30 June 2017

Financial assets measured at fair value

	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Investments in debt securities	6,483	-	-	-	6,483	-	6,483	-	6,483
Government securities	-	-	-	-	-	-	-	-	-
Quoted equity security	1,022,058	-	-	-	1,022,058	1,022,058	-	-	1,022,058
	<u>1,028,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,028,541</u>	<u>1,022,058</u>	<u>6,483</u>	<u>-</u>	<u>1,028,541</u>

Financial assets not measured at fair value

Bank balances	-	-	1,364,025	-	1,364,025
Dividend receivable	-	-	1,478	-	1,478
Profits receivable	-	-	9,720	-	9,720
Deposits, prepayments & other receivables	-	-	15,946	-	15,946
	<u>-</u>	<u>-</u>	<u>1,391,169</u>	<u>-</u>	<u>1,391,169</u>

Financial liabilities not measured at fair value

Payable to the Management Company	-	-	-	6,825	6,825
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	350	350
Payable to Securities and Exchange Commission of Pakistan	-	-	-	2,283	2,283
Accrued expenses and other payables	-	-	-	8,983	8,983
	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,441</u>	<u>18,441</u>

On-balance sheet financial instruments

30 June 2016

Financial assets measured at fair value

	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Investments in debt securities	7,857	-	-	-	7,857	-	7,857	-	7,857
Government securities	658,001	-	-	-	658,001	-	658,001	-	658,001
Quoted equity security	579,348	-	-	-	579,348	579,348	-	-	579,348
	<u>1,245,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,245,206</u>	<u>579,348</u>	<u>665,858</u>	<u>-</u>	<u>1,245,206</u>

Financial assets not measured at fair value

Bank balances	-	-	573,858	-	573,858
Dividend receivable	-	-	1,347	-	1,347
Profits receivable	-	-	26,621	-	26,621
Deposits, prepayments & other receivables	-	-	8,478	-	8,478
	<u>-</u>	<u>-</u>	<u>610,304</u>	<u>-</u>	<u>610,304</u>

Financial liabilities not measured at fair value

Payable to the Management Company	-	-	-	3,769	3,769
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	282	282
Payable to Securities and Exchange Commission of Pakistan	-	-	-	1,617	1,617
Accrued expenses and other payables	-	-	-	12,096	12,096
	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,764</u>	<u>17,764</u>

24.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

25. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risks is the creation and protection of participants' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the internal controls set on different activities of the fund by the Board of Directors through specific directives and constitutive documents. These controls and limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

The Fund primarily invests in high quality TFC's, government securities, quoted equity securities and short term money market instruments. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

- Credit risk
- Liquidity risk
- Market risk

25.1 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the relevant financial institutions to fulfil their obligations resulting in financial loss to the Fund. These credit exposures exist within financing relationships, derivatives and other transactions. There is also a risk of default by participants and of failure of the financial markets / stock exchanges, the depositories, the settlements or the central clearing system etc.

The credit risk of the Fund mainly arises from its investment in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, deposits and other receivable balances.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- The fund limits its exposure to credit risk by only investing in instruments and bank deposits that have a minimum "AA-" from a credit rating agency duly approved by the SECP.
- Investment transactions are carried out with large number of brokers, whose credit rating is taken into account so as to minimize the risk of default and transactions are settled or paid for only upon deliveries.
- The risk of counter party exposure due to failed trade causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks (including related party).

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk at 30 June 2017 was as follows:

	Note	30 June 2017		30 June 2016	
		Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
(Rupees in '000)					
Bank balances	5	1,364,025	1,364,025	573,858	573,858
Investments	6	1,028,541	6,483	1,245,206	7,857
Profits receivable	9	9,720	9,720	27	27
Deposits and other receivables	10	15,946	15,946	35,072	35,072
		<u>2,418,232</u>	<u>1,396,175</u>	<u>1,854,162</u>	<u>616,814</u>

Differences in the balances as per the statement of assets & liabilities and maximum exposures is due to the fact that investments of Rs. 1,022 million relate to investments in quoted equity securities which are not exposed to credit risk.

None of the above financial assets were considered to be past due or impaired as on 30 June 2017.

Credit ratings and Collaterals

Details of the credit ratings of the investments in sukuk certificates and bank balances are as follows:

Ratings	Bank balances (including profit due)	
	30 June 2017	30 June 2016
	(Percentage)	
AA+	98.17	99.00
AAA	1.30	1.00
AA	0.53	-
	<u>100.00</u>	<u>100.00</u>
Ratings	Investments (including profit due)	
	30 June 2017	30 June 2016
	(percentage)	
AAA	0.77%	0.64%

Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	30 June 2017		30 June 2016	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
Commercial Banks	1,369,562	99.24%	575,947	98.63%
Electricity	10,552	0.76%	8,011	1.37%
	<u>1,380,114</u>	<u>100%</u>	<u>583,958</u>	<u>100%</u>

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

25.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing in securities that are traded in active market. At all times funds remain invested in at least 10% of investments in cash and cash equivalents. Moreover, the Fund has the ability to borrow from Bank, Financial Institutions or such other companies as specified by the Commission from time to time with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets or such other limit as specified by the Commission of the scheme at the time of borrowing with repayment with in 90 days of such borrowings. No such borrowings were made during the year.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further the Fund also has the ability to suspend redemptions of units with the approval of Board of Directors of the Management Company in extraordinary circumstances. An interval of six working days between the receipt of a redemption request and issuance of against it to the holder provides a cushion in the repayment of on-demand redemption of units. However, during the year no such option was exercised or considered necessary.

Maturity analysis for financial liabilities

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows.

	30 June 2017				
Financial liabilities	Three months	Six months	One year	More than one year	Total
	(Rupees in '000)				
Payable to the Management Company	6,825	-	-	-	6,825
Payable to Central Depository Company of Pakistan Limited - Trustee	350	-	-	-	350
Payable to Securities and Exchange Commission of Pakistan	2,283	-	-	-	2,283
Accrued expenses and other payables	8,983	-	-	-	8,983
	18,441	-	-	-	18,441
	30 June 2016				
Financial liabilities	Three months	Six months	One year	More than one year	Total
	(Rupees in '000)				
Payable to the Management Company	3,769	-	-	-	3,769
Payable to Central Depository Company of Pakistan Limited - Trustee	282	-	-	-	282
Payable to Securities and Exchange Commission of Pakistan	1,617	-	-	-	1,617
Accrued expenses and other payables	12,096	-	-	-	12,096
	17,764	-	-	-	17,764

Above financial liabilities do not carry any mark-up.

Units of the fund are redeemable on demand at the holder's option. However, unit holders typically retain them from medium to long-term.

25.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will effect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

Market risk comprise of three types of risk: currency risk, interest rate and other price risk.

25.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

25.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently, the Funds interest rate exposure arises on term finance certificates and bank balances. The Fund holds TFCs & balance in savings accounts that expose the Fund to cash flow interest rate risk. To enhance the earnings potential of the Fund, the Fund invests in variable rate instruments as most of the instruments currently available are indexed to KIBOR. Other risk management procedures are the same as those mentioned in the credit risk management.

At 30 June 2017, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	30 June 2017	30 June 2016
	(Rupees in '000)	
Variable rate instruments		
Term Finance Certificate	6,483	7,857
Bank balance - saving account	1,364,025	573,858
Fixed rate instruments		
Government Securities	-	658,001

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased / (decreased) the net assets and net income by Rs. 13.705 million (30 June 2016: Rs. 5.817 million) . The analysis assumes that all other variables remain constant.

The composition of the Fund's investment portfolio and KIBOR rates announced are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2016 is not necessarily indicative of the effect on Funds net assets of future movements in interest rates. The fluctuation in interest rate of 100 basis points is reasonably possible in the current economic environment.

Fair value sensitivity analysis for fixed rate instruments

A change in 100 basis points in interest rates at year end would have increased / (decreased) the net assets and net income by Rs. Nil (30 June 2016: Rs. 26.805 million). The analysis assumes all other variables remaining constant.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date is as follows:

30 June 2017	Mark-up / profit rate (%)	Less than one month	One to three months	Three months to one year	One year and above	Total
		(Rupees in '000)				
Assets						
Bank balances	4% - 6.5%	1,364,025	-	-	-	1,364,025
Investments	8.75% to 12%	-	-	-	6,483	6,483
Total assets		1,364,025	-	-	6,483	1,370,508

30 June 2016	Mark-up/ profit rate (%)	Less than one month	One to three months	Three months to one year	One year and above	Total
		(Rupees in '000)				
<i>Assets</i>						
Bank balances	4% - 6.25%	573,858	-	-	-	573,858
Investments	11.25% to 12%	-	-	-	665,858	665,858
Total assets		573,858	-	-	665,858	1,239,716

The investment in quoted equity securities does not give rise to interest rate risk. None of the Fund's liability is subject to interest rate risk.

25.3.3 Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of change in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Fund is exposed to equity price risk because of the investment held by the Fund in equity securities and classified in the statement of assets and liabilities as financial assets at fair value through profit or loss. To manage its price risk arising from investment in equity securities, the Fund diversified its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / NBFC Regulations also limit individual equity securities to no more than 10% of net assets or issued capital of the investee company and sector exposure limit of 25% of net assets.

In case of 5% increase / (decrease) in KSE 100 index on 30 June 2017, net income of the Fund would increase / (decrease) by Rs. 51.103 million and net assets of the Fund would increase / (decrease) by the same amount as a result of gain / (loss) in equity securities at fair value through profit or loss. The analysis is based on the increase / (decrease) of equity index by 5% with all other variables held constant and all the Fund's equity instruments have according to the historical correlation with the index. This represents management policy of managing price risk.

25.4 Unit holders' fund management (Capital risk)

Capital risk is the risk that the capital of the Fund changes significantly and causes adverse effects on the Fund's existence as going concern. The capital of the Fund is represented by the net assets attributable to unit holders. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. The Fund is exposed to externally imposed minimum capital maintenance requirement of Rs 100 million.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and Chief Executive of the Fund critically track the movement of 'Assets under Management'. The Board of Directors is updated about the fund yield and movement of NAV and total fund size at the end of each quarter.

26. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID BY THE FUND

Name of Broker	Commission 2017 %
IGI Finex Securities Limited	6.87
Optimus Capital Management (Private) Limited	6.07
Al Habib Capital Markets (Private) Limited	6.05
Summit Capital (Private) Limited	5.80
Foundation Securities (Private) Limited	5.74
Adam Securities (Private) Limited	5.70
Taurus Securities Limited	5.66
Insight Securities (Private) Limited	5.33
DJM Securities (Private) Limited	5.27
Intermarket Securities Limited	4.64
	57.13
Name of Broker	2016 %
IGI Finex Securities Limited	4.10
Optimus Capital Management (Private) Limited	6.23
Al Habib Capital Markets (Private) Limited	4.94
Summit Capital (Private) Limited	2.67
Foundation Securities (Private) Limited	6.96
Adam Securities (Private) Limited	0.98
Taurus Securities Limited	3.98
Insight Securities (Private) Limited	3.81
DJM Securities (Private) Limited	0.24
Intermarket Securities Limited	6.08
	39.98

27. INVESTMENT COMMITTEE

Details of the members of investment committee of the Fund are as follows:

S. No.	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	17	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	18	MBA, CFA
3	Farhan Bashir Khan	Head of Research	11	MBA
4	Usama Bin Razi	Fund Manager	14	MBA

Usama Bin Razi is also the Fund Manager of UBL Liquidity Plus Fund, UBL Money Market Fund, UBL Government Securitised Fund, UBL Growth and Income Fund, UBL Income Opportunity Fund, UBL Capital Protected Fund-III, UBL Retirements Savings Funds, Al - Ameen Islamic Aggressive Income Fund and Al - Ameen Islamic Asset Allocation Fund.

28. DIRECTORS' MEETING ATTENDANCE

Meetings of the Board of Directors of the Management Company of the Fund are held at least once in a each quarter. During the year under review six meetings were held and the details of directors attended the meetings are as follows:

	Dates	25 August 2016	28 October 2016	6 December 2016	13 February 2017	20 March 2017	11 April 2017
Name of Director	Meetings attended						
Tariq Kirmani	6	Yes	Yes	Yes	Yes	Yes	Yes
Yasir Qadri	6	Yes	Yes	Yes	Yes	Yes	Yes
Shabbir Hussain Hashmi	6	Yes	Yes	Yes	Yes	Yes	Yes
Zia Ijaz	2	Yes	No	Yes	No	No	No
Syed Furrugh Zaem	6	Yes	Yes	Yes	Yes	Yes	Yes
Zulfiqar Alavi	5	Yes	Yes	Yes	Yes	No	Yes
Sadeed Barlas	5	Yes	Yes	Yes	No	Yes	Yes
Other Persons attending meetings of Board of Directors							
Hasnain R Nensey *	3	Yes	Yes	Yes	Resigned	-	-
Umair Ahmed	6	Yes	Yes	Yes	Yes	Yes	Yes
Fawaz Siddiqui	6	Yes	Yes	Yes	Yes	Yes	Yes

* Resigned on 28 February 2017

29. PATTERN OF UNIT HOLDERS

Category	2017			2016		
	Unit holders	Number of Units held	Percentage	Unit holders	Number of Units held	Percentage
Individuals	1118	9,741,192	50%	772	7,076,763	48%
Associated Companies and Directors	4	6,294,831	32%	4	4,290,302	29%
Insurance Companies	-	-	0%	1	123,408	1%
Banks & DFIs	-	-	0%	-	-	0%
NBFCs	-	-	0%	1	442,183	3%
Retirement Funds	20	2,842,324	15%	11	2,259,680	15%
Public limited companies	-	-	0%	5	70,199	0%
Others	11	672,112	3%	8	453,748	3%
TOTAL	1,153	19,550,459	100%	802	14,716,283	100%

30. CREDIT RATING

The Management Company has been rated as AM2++ on 30 December 2016 by JCR - VIS.

31. GENERAL**31.1 Corresponding figures**

Prior year's figures have been rearranged / reclassified wherever necessary for better presentation and comparison. However, there were no material reclassifications to report.

31.2 Date of authorisation for issue

These financials statements were authorized for issue by Board of Directors of the Management Company on August 23, 2017

**For UBL Fund Managers Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

ENGRO

<i>Holding</i>	<i>Resolution</i>	<i>For</i>	<i>Against</i>	<i>Abstain*</i>
166,000	Extraordinary General Meeting of M/s Engro Corporation Limited was held on August 05, 2016, below resolutions were passed: 1.Approval of the sale/diposal of upto 51% of the Company's shares in Engro Foods Limited to Friesland Campina of the Netherlands(RFC).	✓		

The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management









Moreover, other than above no meeting were attended and no proxies were also given.









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-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
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regulatory actions)
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