



Together Creating Tomorrow

Annual Report UBL Funds
UBL Capital Protected Fund

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



**TOGETHER
WE SUCCEED**

UBL Capital Protected
Fund III

UCPF-III

UBL Capital Protected Fund- III

INVESTMENT OBJECTIVE

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

	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	BDO Ebrahim & Co., Chartered Accountants
Bankers	United Bank Limited Bank Alfalah Limited
Management Co. Rating	AM2++ (JCR-VIS)

Fund Manager's Report – UBL Principal Protected Fund - III (UPPF-III)

- i) **Description of the Collective Investment Scheme category and type**
Capital Protected Scheme / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
The investment objective of UBL Capital Protected Fund - III (UCPF-III) is to protect the principal investment of the investors upon maturity by placing a significant portion of the Trust Property as TDR with a minimum AA- rated Bank, and remaining in equity market or any other SECP permitted investments to provide investors with better returns.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme aims to provide capital protection at completion of the duration; the fund achieved its stated objective of earning potentially attractive returns while providing capital preservation of the initial investment value.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
Weighted Average Daily Return of KSE-100 Index and Three (3) Months Deposit Rate of a Double A minus (AA-) or above rated Bank based on the Funds actual Proportion in the Investment Segment and Capital Protection Segment.
- 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
UCPF-III	-	-	-	-	-	-	0.18%	-0.29%	0.51%	1.16%	0.98%	-0.82%	1.71%
Benchmark	-	-	-	-	-	-	0.06%	-0.05%	0.17%	0.63%	0.65%	-0.89%	0.56%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
UPPF-III is a Capital Protected scheme which primarily invests a significant portion of the Trust Property as TDR with a minimum AA- rated Bank to protect the principal investment and remaining in equity market or any other SECP permitted investments to provide investors with better returns. At Jun17 majority exposure of 82% of total Assets was maintained in placements with banks. The fund was initiated in Jan17 and yielded an absolute return of 1.71% outperforming its benchmark of 0.56%.
- 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
Placements with banks	-	82%
Equities	-	14%
T-bills	-	0%

	-	
Spread Transactions	-	0%
Cash	-	0%
Others	-	3%
Leverage	-	Nil
Total	-	100%

viii) Analysis of the Collective Investment Scheme's performance

FY'17 Return:	1.71%
Standard Deviation (12m trailing):	N/A
Sharpe Ratio (12m trailing):	N/A

ix) Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30-Jun-17	30-Jun-16	Change	30-Jun-17	30-Jun-16	Change
Rupees (000)		%	Rupees		%
427,205	-	N/a	100.1608	-	N/a

x) Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns 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 for 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.

- x) **Disclosure on distribution (if any), comprising:-**
- **particulars of income distribution or other forms of distribution made and proposed during the period; 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 19, 2017	-	6,521	1.55	101.5513	100.001

- 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**

The Fund was launched on Jan 26, 2017 and its principal activity is to protect the principal investment of investors upon maturity by placing the significant portion as TDR with minimum AA- rated bank and remaining in equity or any other SECP permitted investments to provide investor with better return.

- xiii) **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	UCPF-III
0.0001 - 9,999.9999	38
10,000.0000 - 49,999.9999	29
50,000.0000 - 99,999.9999	7
100,000.0000 - 499,999.9999	4
500,000.0000 & Above	3
Total	81

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

There were no unit splits during the period.

- xv) **Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and 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 Capital Protected Fund - III

2017

NET ASSETS AS AT 30 JUNE - Rupees in '000

427205

NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees

Class A units - Offer *

101.2926

- Redemption

100.1608

RETURN OF THE FUND - %

Total Return of the Fund

1.71

Capital Growth (per unit)

0.16

Date of Income Distribution

19-Jun-17

Income Distribution

1.55

AVERAGE ANNUAL RETURN - %

Since Launch/ One Year

1.71

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Class A units - Offer

104.18

Highest price per unit - Class A units - Redemption

103.01

Lowest price per unit - Class A units - Offer

100.56

Lowest price per unit - Class A units - Redemption

99.44

* Front-end load @ 2% is applicable

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Placements with banks

82.00

equities

14.00

others

4.00

PORTFOLIO COMPOSITION BY MARKET - %

debt

100.00

Note:

- The Launch date of Fund is 26 January 2017

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**

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shahra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

UBL CAPITAL PROTECTED FUND – III

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 Capital Protected Fund – III (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 period from January 26, 2017 to 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 Capital Protected Fund – III** (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 Zaem
	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**

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES CONTAINED IN THE 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 UBL CAPITAL PROTECTED FUND III ("the Fund") for the period from January 26, 2017 to June 30, 2017 to comply with the requirements of Regulation No. 5.19 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. 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 Management Company'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 a 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 to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval 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 Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the period from January 26, 2017 to June 30, 2017.

KARACHI**DATED: AUGUST 23, 2017****CHARTERED ACCOUNTANTS** Engagement partner: Zulfikar Ali Causer**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of UBL Capital Protected Fund III ("the Fund"), which comprise of the statement of assets and liabilities as at June 30, 2017 and the income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' fund for the period from January 26, 2017 to June 30, 2017 and summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company ("UBL Fund Managers Limited") of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, either due to fraud or error. In making those risk assessments, the auditor considers 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 June 30, 2017 and of its financial performance, cash flows and transactions for the period from January 26, 2017 to June 30, 2017 in accordance with the approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

KARACHI

DATED: 23 AUG 2017


 **CHARTERED ACCOUNTANTS**
Engagement Partner: Zulfikar Ali Causer

**UBL CAPITAL PROTECTED FUND III
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2017**

	Note	2017 (Rupees in '000)
ASSETS		
Bank balances	5	1,692
Term deposit receipts	6	356,949
Investments	7	60,038
Mark-up / interest receivable	8	9,818
Dividend receivable		66
Advance tax	9	276
Preliminary expenses and floatation costs	10	1,923
Deposits and prepayments		2,820
TOTAL ASSETS		433,582
LIABILITIES		
Payable to UBL Fund Managers Limited - Management Company	11	5,228
Payable to Central Depository Company of Pakistan Limited - Trustee	12	52
Payable to Securities and Exchange Commission of Pakistan	13	136
Accrued expenses and other liabilities	14	961
TOTAL LIABILITIES		6,377
NET ASSETS		427,205
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		427,205
CONTINGENCIES AND COMMITMENTS	31	-
		(Number of units)
NUMBER OF UNITS IN ISSUE	15	4,265,190
		(Rupees)
NET ASSETS VALUE PER UNIT		100.1608

The annexed notes 1 to 33 form an integral part of these financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**UBL CAPITAL PROTECTED FUND III
INCOME STATEMENT
FOR THE PERIOD FROM JANUARY 26, 2017 TO JUNE 30, 2017**

**For the period
from January 26,
2017 to June 30,
2017**

Note (Rupees in '000)

INCOME

Financial income
Dividend income
Capital gain on sale of investment- net
Unrealised loss on revaluation of investments
classified as 'at fair value through profit or loss' - net
Other income

16	10,257
	412
	393
	(755)
	1
	10,308

Total income

Expenses

Remuneration of UBL Fund Managers Limited - Management Company
Sindh sales tax on Management Company's remuneration
Remuneration of Central Depository Company of Pakistan Limited - Trustee
Annual fee of Securities and Exchange Commission of Pakistan
Bank charges
Auditors' remuneration
Brokerage and settlement expenses
Allocated expenses
Fees and subscription
Listing fee
Legal and professional charges
Amortization of preliminary expenses and floatation costs
Other expenses

	1,362
	177
	267
	136
	15
17	162
	174
18	182
	25
	5
	87
	320
	42
	2,954
	7,354

Total expenses

Operating income for the period

Element of loss and capital losses included
in prices of units issued less those in units redeemed - net
Provision for Sindh Workers' Welfare Fund

	(1)
14	(144)
	7,209

Net income for the period before taxation

Taxation

	-
	7,209

Net income for the period after taxation

Earnings per unit

20

The annexed notes 1 to 33 form an integral part of these financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

UBL CAPITAL PROTECTED FUND III
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JANUARY 26, 2017 TO JUNE 30, 2017

**For the period
from January 26,
2017 to June 30,
2017
(Rupees in '000)**

Net income for the period	7,209
Other comprehensive income	-
Total comprehensive income for the period	<u>7,209</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**UBL CAPITAL PROTECTED FUND III
DISTRIBUTION STATEMENT
FOR THE PERIOD FROM JANUARY 26, 2017 TO JUNE 30, 2017**

**For the period
from January 26,
2017 to June 30,
2017
(Rupees in '000)**

Net income for the period	7,209
Distribution during the period	
Rs. 1.55 per unit declared on June 19, 2017	(6,521)
Undistributed income carried forward	688
Undistributed income carried forward comprising of:	
Realised income	1,443
Unrealised loss	(755)
	688

The annexed notes 1 to 33 form an integral part of these financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

UBL CAPITAL PROTECTED FUND III
STATEMENT OF CASH FLOW
FOR THE PERIOD FROM JANUARY 26, 2017 TO JUNE 30, 2017

**For the period from
January 26, 2017 to
June 30, 2017
(Rupees in
'000)**

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period before taxation	7,209
Adjustments for:	
Mark-up / interest income	(10,257)
Dividend income	(412)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	755
Capital gain on sale of investment- net	(393)
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net	1
Provision for Sindh Workers' Welfare Fund	144
	(10,162)
	(2,953)

(Increase) / decrease in assets

Investments - net	(417,349)
Advance tax	(276)
Preliminary expenses and floatation costs	(1,923)
Deposits and prepayments	(2,820)
	(422,368)

Increase in liabilities

Payable to UBL Fund Managers Limited - Management Company	5,228
Payable to Central Depository Company of Pakistan Limited - Trustee	52
Annual fee payable to Securities and Exchange Commission of Pakistan	136
Accrued expenses and other liabilities	817
	6,233
Profit received on bank balances and TDRs	439
Dividend received	345
Net cash used in operating activities	(418,304)

CASH FLOWS FROM FINANCING ACTIVITIES

Receipts from issuance of units	430,520
Payment against redemption of units	(4,003)
Dividend paid to the unit holders' during the period	(6,521)
Net cash generated from financing activities	419,996
Net increase in cash and cash equivalents	1,692
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	1,692

CASH AND CASH EQUIVALENTS

Bank balances	1,692
	1,692

The annexed notes 1 to 33 form an integral part of these financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**UBL CAPITAL PROTECTED FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE PERIOD FROM JANUARY 26, 2017 TO JUNE 30, 2017**

**For the period from
January 26, 2017 to
June 30, 2017
(Rupees in '000)**

Issuance of 4,305,218 units	430,520
Redemption of 40,028 units	(4,003)
	426,517
	426,517
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net	1
Capital gain on sale of investments - net	393
Unrealised loss on remeasurement of investments classified as financial asset at fair value through profit or loss - net	(755)
Other income for the year	7,570
	7,209
Cash distribution to unit holders during the period	(6,521)
Net assets at end of the period	
Rs. 100.1608 per unit	427,205

The annexed notes 1 to 33 form an integral part of these financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

UBL CAPITAL PROTECTED FUND III
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 26, 2017 TO JUNE 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Capital Protected Fund III (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under the Trust Deed, dated October 21, 2016 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund has been registered as a notified entity on January 26, 2017 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 4th floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is a capital protected scheme and units of the Fund are listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorised as an open-ended capital protected scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4 The principal activity of the Fund is to protect the principal investment of investors upon maturity by placing the significant portion of trust property as TDR with a minimum AA- rated bank, and remaining in equity market or any other SECP permitted investments to provide investor with better return.
- 1.5 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.
- 1.6 JCR-VIS Credit Rating Company has assigned an asset manager rating of 'AM2++' (stable outlook) to the Management Company as at December 29, 2016. The Management Company is obliged to obtain a rating of the Scheme, once the Scheme becomes eligible for rating as per the criteria of the rating agency. However, criteria of rating agency requires a minimum performance history of one year for the funds to become eligible for ranking. Therefore, the fund is not eligible for the rating.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "NBFC Regulations") and the directives issued by the SECP.

In case, the requirements differ, the provisions and directive of the repealed Companies Ordinance, 1984, the requirements of Trust deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and Non-Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

During the year, the Companies Act, 2017 was promulgated and enacted on May 30, 2017. However, SECP has notified through Circular No. 17 dated July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance), hence these financial statements are prepared in accordance with the Ordinance.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except investments that are stated at fair values.

These financial statements have been prepared by following accrual basis of accounting except for cash flows information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Classification and valuation of investments

For details please refer notes 4.2 and 23 to these financial statements.

Impairment of investment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment of fixed income securities is determined in accordance with provisioning criteria for non performing exposures as per the requirements of Circular No. 33 of 2012 dated October 24, 2012.

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

For details please refer note 4.12 to these financial statements.

Provision for taxation

For details please refer notes 4.8 and 20 to these financial statements.

Workers' Welfare Fund

For details please refer note 14 to these financial statements.

Other assets

Judgment is involved in assessing the realisability of other assets balances.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards or interpretations that are effective in current year but not relevant to the Fund

The Fund has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements - Amendments regarding application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

3.2 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

**Effective date
(annual periods
beginning on or
after)**

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2017 are as follows:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

3.3 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts

The effect of IFRS 9 - Financial Instruments are still being assessed, as this new standard may have a significant effect on the Fund's future financial statements.

The Fund expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Fund's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at nominal values.

4.2 Financial assets

4.2.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and re-evaluates this classification on regular basis.

Investments are categorised as follows:

a) Loans and receivables

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

b) Financial assets 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.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) 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 liquidity or change in price.

4.2.2 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.

4.2.3 Initial recognition and measurement

Financial assets 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 are expensed in the income statement.

4.2.4 Subsequent measurement

a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial assets 'at fair value through profit or loss' and investments classified as 'available for sale' are valued as follows:

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

Net gains and losses arising from changes in the fair value of available for sale financial assets are taken to unit holders' fund through other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in unit holders' fund is shown in the income statement.

b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses on these instruments are also recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

4.2.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

The amount of provision for certain debt securities is determined based on the provisioning criteria specified by the SECP.

For certain other financial assets, a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against those amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

4.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is 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 realise the assets and settle the liabilities simultaneously.

4.5 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

4.6 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 regularly reviewed and adjusted to reflect the current best estimate.

4.7 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies that collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals.

Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

4.8 Taxation

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

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 the amounts used for taxation purposes.

In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer 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 at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.9 Preliminary expenses and floatation cost

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, brokerage paid to the members of the stock exchange and other expenses. These costs are being amortised over a period of two years commencing from the date of plan, in accordance with the Trust Deed of the Fund and NBFC Regulations, 2008.

4.10 Proposed distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such distributions are declared.

4.11 Issuance and redemption of units

Units are allocated at the offer price prevalent on the day on which funds for purchase of units are realised. The offer price represents the net asset value per unit at the end of the preceding day. Issue of units is also recorded on realisation of funds.

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 at the end of the preceding day. Redemption of units is recorded on acceptance of application for redemption.

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

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

The 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' account is credited with the amount representing net income / (loss) and capital gains / (losses) accounted for in the net asset value and included in the sale proceeds of units. Upon redemption of units, the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' account is debited with the amount representing net income / (loss) and capital gains / (losses) accounted for in the net asset value and included in the redemption price.

The 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' during the year is transferred to the 'income statement'.

4.13 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

4.14 Revenue recognition

- Gains / (losses) arising on sale of investments is accounted for in the period in which it
- Unrealised (loss) / gain on revaluation of investments classified as financial assets at fair value through profit or loss is included in the income statement in the period in which it
- Unrealised (loss) / gain on revaluation of investments classified as 'available-for-sale' is included in the statement of comprehensive income in the period in which it arises.
- Profit on bank balances and term deposits is recorded on accrual basis.

4.15 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognised in the income statement.

4.16 Transactions with related parties / connected persons

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

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

	Note	2017 (Rupees in '000)
5 BANK BALANCES		
Cash at bank:		
In savings accounts	5.1	<div style="border-top: 1px solid black; border-bottom: 3px double black;"> 1,692 </div>

5.1 Profit rates on these savings accounts range between 4 % to 5.3% per annum.

	Note	2017 (Rupees in '000)
6 TERM DEPOSIT RECEIPTS		
Term deposit receipts (TDR)	6.1	356,949
		<u>356,949</u>

6.1 These Term Deposit Receipts (TDRs) carry profit of 6.60% having maturity till January 2020.

7 INVESTMENTS

At fair value through profit or loss

Equity Shares	7.1	60,038
		<u>60,038</u>

7.1 Equity shares

Name of investee company	Number of shares				Balance as at June 30, 2017			Market value as a percentage of net assets
	As at January 26, 2017	Purchased / bonus received during the year	Sold during the year	As at June 30, 2017	Carrying value as at June 30, 2017	Market value as at June 30, 2017	Appreciation/ (diminution) as at June 30, 2017	
	Number of shares				(Rupees in '000)			
INSURANCE								
Adamjee Insurance Company Limited	-	15,000	-	15,000	1,175	1,025	(150)	0.24%
	-	15,000	-	15,000	1,175	1,025	(150)	0.24%
CEMENT								
Cherat Cement Company Limited	-	45,000	10,000	35,000	6,335	6,257	(77)	1.46%
Lucky Cement Limited	-	9,100	-	9,100	7,781	7,610	(171)	1.78%
	-	54,100	10,000	44,100	14,115	13,867	(248)	3.25%
FERTILIZER								
Engro Fertilizer Limited	-	25,000	-	25,000	1,756	1,381	(375)	0.32%
	-	25,000	-	25,000	1,756	1,381	(375)	0.32%
PHARMACEUTICALS	7.2							
Hightnoon Laboratories Limited	-	5,264	-	5,264	3,290	3,297	7	0.77%
The Searle Company Limited	-	5,060	1,500	3,560	2,285	1,823	(462)	0.43%
	-	10,324	1,500	8,824	5,575	5,119	(455)	1.20%
POWER GENERATION & DISTRIBUTION								
The Hub Power Company Limited	-	15,000	-	15,000	1,913	1,761	(151)	0.41%
	-	15,000	-	15,000	1,913	1,761	(151)	0.41%
CHEMICALS								
I. C. I. Pakistan Limited	-	5,500	-	5,500	6,268	6,020	(248)	1.41%
	-	5,500	-	5,500	6,268	6,020	(248)	1.41%
ENGINEERING								
International Steels Limited	-	33,000	6,500	26,500	4,078	3,389	(689)	0.79%
	-	33,000	6,500	26,500	4,078	3,389	(689)	0.79%
OIL & GAS EXPLORATION COMPANIES								
Mari Petroleum Company Limited	-	4,500	-	4,500	6,434	7,090	656	1.66%
	-	4,500	-	4,500	6,434	7,090	656	1.66%
TEXTILE COMPOSITE								
Nishat Mills Limited	-	38,800	-	38,800	6,654	6,157	(497)	1.44%
	-	38,800	-	38,800	6,654	6,157	(497)	1.44%
AUTOMOBILE ASSEMBLER								
Pak Suzuki Motor Company Limited	-	10,000	-	10,000	7,194	7,804	610	1.83%
	-	10,000	-	10,000	7,194	7,804	610	1.83%
AUTOMOBILE PARTS & ACCESSORIES								
Thal Limited	-	12,200	1,600	10,600	5,631	6,424	793	1.50%
	-	12,200	1,600	10,600	5,631	6,424	793	1.50%
Total-June 30, 2017	-	223,424	19,600	203,824	60,793	60,038	(755)	14%

- 7.2 The Finance Act, 2014 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. The Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable 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 exemptions available to mutual funds under clause 99 of Part I of and clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. The investee companies of the Fund, in pursuance of the aforesaid amendment, withheld shares equivalent to 5 % of bonus entitlement of the Fund having fair market value of Rs. 0.0293 million at year end. Such shares have not been deposited by the investee companies in CDC account of Income Tax department. The Fund has included in its investment the shares withheld and recorded them at fair market value at period end.

2017
(Rupees in '000)

8 MARK-UP / INTEREST RECEIVABLE

Markup/interest receivable on:

Saving accounts

TDRs

8

9,810

9,818

9 ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 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 May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same shall be refunded after filing Income Tax Return for Tax Year 2017.

10 PRELIMINARY EXPENSES AND FLOATION COSTS

Preliminary expenses and floatation costs

Amortisation during the period

Balance as at June 30, 2017

2,243

(320)

1,923

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of three years commencing from January 26, 2017 as per the requirements set out in the Trust Deed.

	Note	2017 (Rupees in '000)
11 PAYABLE TO UBL FUND MANAGERS LIMITED - MANAGEMENT COMPANY		
Remuneration payable (including Sindh Sales tax)	11.1 & 11.2	298
Formation cost and other payable	11.3	4,858
Allocated expenses payable		72
		<u>5,228</u>

11.1 As per NBFC Regulations, the Management Company is entitled to remuneration of an amount not exceeding 1% of average annual net assets of the Fund. The Management Company has charged remuneration at the rate of 0.75% of the net assets of the Fund calculated on a daily basis from January 26, 2017.

11.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

11.3 This includes preliminary expenses and floatation costs amounting to Rs. 2.243 million payable to Management Company.

**12 PAYABLE TO CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED - TRUSTEE**

Trustee fee payable	<u>52</u>
---------------------	-----------

The Trustee is entitled to a monthly remuneration for the services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff structure specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

As per the Trust Deed and Offering Document, the tariff applicable to the Fund in respect of the Trustee fee during the period ended June 30, 2017 is 0.13% of net assets.

**13 PAYABLE TO THE SECURITIES AND
EXCHANGE COMMISSION OF PAKISTAN**

Annual fee payable	<u>136</u>
--------------------	------------

Under the provisions of NBFC Regulations, a collective investment scheme classified as capital protected scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the Fund.

		2017 (Rupees in '000)
14	ACCRUED EXPENSES AND OTHER LIABILITIES	
	Auditors remuneration payable	114
	Brokerage expense payable	15
	Zakat deducted at source payable	180
	Withholding tax payable	508
	Provision for Sindh Workers' Welfare Fund	14.1
		<u>144</u>
		<u>961</u>
14.1	Provision for Sindh Workers' Welfare Fund	

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

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

In view of the above developments regarding the applicability of SWWF on Mutual Funds, the MUFAP obtained a legal opinion and based on such legal advice, has recommended to all its members on January 12, 2017 that provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e. May 21, 2015) with effect from January 12, 2017.

The above decision was communicated to SECP and the Pakistan Stock Exchange Limited on January 12, 2017. In response to the aforementioned letter SECP vide its letter dated February 1, 2017 advised MUFAP that the adjustments relating to the above should be made prospectively and adequate disclosure shall be made.

Based on above, provision against SWWF amounting to Rs. 0.144 million has been made during the period. Had this provision not been made, the net asset value of the Fund would have been higher by Re.0.03 per unit.

2017
(Rupees in '000)

15 NUMBER OF UNITS IN ISSUE

Total units in issue at the beginning of the period	-
Add: Units issued	4,305,218
Add: Bonus units issued	-
Less: Units redeemed	(40,028)
Total units in issue at the end of the period	<u>4,265,190</u>

16 MARK-UP / INTEREST INCOME

Markup/interest income on:	
Bank balances	447
Term deposit receipts	9,810
	<u>10,257</u>

**For the period
from January
26, 2017 to June
30, 2017
(Rupees in '000)**

17 AUDITORS' REMUNERATION

Annual audit fee	112
Fee for the review of compliance with the requirements of the Code of Corporate Governance	15
Fee for other certifications / services	23
Out of pocket expenses and sales tax	12
	<u>162</u>

18 ALLOCATED EXPENSES

As per regulation 60(3)(s) of NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets with effect from January 26, 2017 being the lower.

19 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 to the unit holders in cash. 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. During the period, Management Company has distributed cash dividend of at least 90% of the Fund's net accounting income to its unit holders, accordingly, no provision for taxation has been recognized in these financial statements.

20 EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the Management Company, determination of the cumulative weighted average number of outstanding units is not practicable.

21 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 0.73% as on June 30, 2017 and this includes 0.12% representing government levy, Sindh Workers Welfare Fund and SECP fee.

22 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, the financial assets carried on the statement of assets and liabilities are categorised either as 'Loans and receivables', 'financial assets at fair value through profit or loss' or 'available for sale'. The financial liabilities carried on the statement of assets and liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

Particulars	As at June 30, 2017			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Financial assets 'available for sale'	Total
Rupees in '000				
Financial assets				
Bank balances	1,692	-	-	1,692
Term deposit receipts	356,949	-	-	356,949
Investments	-	60,038	-	60,038
Mark-up / interest receivable	9,818	-	-	9,818
Dividend receivable	66	-	-	66
Deposits	2,600	-	-	2,600
	371,125	60,038	-	431,163

Particulars	As at June 30, 2017		
	Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
Rupees in '000			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	-	5,194	5,194
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	46	46
Accrued expenses and other liabilities	-	273	273
	-	5,513	5,513

23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE

June 30, 2017
(Percentage)

1	Alfalsh Securities (Private) Limited	17.7%
2	IGI Finex Securities Limited	15.1%
3	Global Securities Pakistan Limited	13.7%
4	Optimus Capital Management (Private) Limited	11.0%
5	EFG Hermes Pakistan Limited	7.9%
6	Next Capital Limited	7.6%
7	Insight Securities (Private) Limited	6.5%
8	Intermarket Securities (Private) Limited	5.8%
9	DJM Securities (Private) Limited	4.6%
10	Standard Capital Securities (Private) Limited	3.6%

24 BRIEF PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	16	MBA
2	Syed Suleman Akhter	Chief Investment Officer	18	MBA,CFA
3	Farhan Bashir	Head of Research	10	MBA
4	Usama Bin Razi	Fund Manager	8	MBA

Usman Bin Razi is the Fund Manager of the Fund. He is also the Fund Manager of UBL Liquidity Plus Fund, UBL Money Market Fund, UBL Government Securities Fund, UBL Income Opportunity Fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Capital Protected Fund-III, UBL Retirement Savings Fund.

25 PATTERN OF UNIT HOLDING

Category	June 30, 2017		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	76	2,358,050	55.29%
Associated Companies and Directors	3	1,786,977	41.90%
Retirement Funds	1	20,125	0.47%
Others	1	100,038	2.35%
	81	4,265,190	100.00%

26 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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 common management or directorships, Central Depository Company of Pakistan Limited (Trustee) and the Directors and Officers of Management Company.

Remuneration to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations, 2008 and the Trust Deed respectively.

Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

Details of transaction with the related parties and balances with them at the year end are as follows:

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
	(Rupees in '000)					
Transactions during the period from January 26, 2017 to June 30, 2017						
Profit on savings accounts	-	386	-	-	-	-
Profit on Term deposit receipts	-	9,810	-	-	-	-
Bank charges	-	4	-	-	-	-
Units issued	-	178,697	-	-	-	-
Dividend paid	-	2,728	-	-	-	-
Purchase of term deposit receipts	-	356,949	-	-	-	-
Remuneration	1,539	-	267	-	-	-
CDS expense	-	-	6	-	-	-
Balances held as at June 30, 2017						
Units held (in Units '000)	-	1,787	-	-	-	-
Units held (in Rupees '000)	-	178,987	-	-	-	-
Bank balances	-	487	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	298	-	52	-	-	-
Other payables	4,857	-	-	-	-	-
Profit receivable	-	2	-	-	-	-
Profit receivable on Term deposit receipts	-	9,810	-	-	-	-
Allocated expenses payable	72	-	-	-	-	-

27 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

During the year, six meetings of the Board of Directors of the Management Company were held. The details of the attendance are as under:

Particulars	August 25, 2016	October 28, 2016	December 6, 2016	February 13, 2016	March 20, 2017	April 11, 2017	Total meetings attended
Name of Directors:							
Tariq Kirmani	✓	✓	✓	✓	✓	✓	6
Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Shabbir Hussain Hashmi	✓	✓	✓	✓	✓	✓	6
Zia Ijaz	✓	x	✓	x	x	x	2
Syed Furrugh Zaeem	✓	✓	✓	✓	✓	✓	6
Zulfiqar Alavi	✓	✓	✓	✓	x	✓	5
Sadeed Barlas	✓	✓	✓	x	✓	✓	5
Name of Key Executives							
Hasnain R Nensey *	✓	✓	✓	*	-	-	3
Umair Ahmed	✓	✓	✓	✓	✓	✓	6
Fawaz Siddiqui	✓	✓	✓	✓	✓	✓	6

* Resigned on February 28, 2017

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the Fund's constitutive documents and the regulations and the directives issued by the SECP. These 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. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

28.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the investment committee.

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

28.1.1 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

28.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2017, the Fund is exposed to such risk on its balances held with banks. The investment committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in certain saving accounts and term deposit receipts, the interest rate on which range between 4% to 6.6% per annum.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds term deposit receipts carrying interest at the rate of 6.6% p.a. and is not exposed to cash flow interest rate risk

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	Effective yield / Interest rate	Total	June 30, 2017			Not exposed to interest rate risk
			Exposed to interest rate risk			
			Upto three months	More than three months and upto one year	More than one year	
			%(Rupees in '000)			
On-balance sheet financial instruments						
Financial assets						
Bank balances	4 - 5.3	1,692	1,692	-	-	-
Term deposit receipts	6.6	356,949	-	-	356,949	-
Investments		60,038	-	-	-	60,038
Mark-up / interest receivable		9,818	-	-	-	9,818
Dividend receivable		66	-	-	-	66
Deposits		2,600	-	-	-	2,600
Sub total		431,163	1,692	-	356,949	72,522
Financial liabilities						
Payable to UBL Fund Managers Limited - Management Company		5,194	-	-	-	5,194
Payable to the Central Depository Company of Pakistan Limited - Trustee		46	-	-	-	46
Accrued expenses and other liabilities		273	-	-	-	273
Sub total		5,513	-	-	-	5,513
On-balance sheet gap (a)		425,650	1,692	-	356,949	67,009
Off-balance sheet financial instrument		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		425,650	1,692	-	356,949	67,009
Cumulative interest rate sensitivity gap		-	1,692	-	356,949	-

28.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

28.2 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 non-payment of redemptions request 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 the SECP.

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Fund can borrow, with the prior approval of the trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the period.

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

Particulars	June 30, 2017			
	Upto three months	More than three months and upto one year	Over one year	Total
Rupees in '000				
Financial liabilities				
Payable to UBL Fund Managers Limited - Management Company	5,194	-	-	5,194
Payable to the Central Depository Company of Pakistan Limited - Trustee	46	-	-	46
Accrued expenses and other liabilities	273	-	-	273
Total liabilities	5,513	-	-	5,513

28.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements.

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 the NBFC rules, the NBFC regulations and guidelines given by the SECP from time to time.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2017 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

28.3.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2017:

Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2017	Latest available published rating as at June 30, 2017
Rupees in '000			
Bank Alfalah Limited	PACRA	1,205	AA+
United Bank Limited	JCR-VIS	357,436	AAA
		<u>358,641</u>	

28.3.2 The analysis below summarizes the credit quality of the Fund's credit exposure:

Rating by rating category	2017 (Percentage)
AAA	50.00
AA+	50.00
	<u>100.00</u>

Concentration on credit risk

Concentration of risk arises when a number of financial instruments or contracts are entered into 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.

The Fund's major asset balances are held with two Banks. The management believes that these banks are reputed institutions.

29 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. 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 the unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the benefits of the unit holders to maintain a strong base of assets to support the development of the investment activities of the Fund and to meet unexpected losses or opportunities. As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. In order to comply with the requirement and to maintain or adjust the Unit Holders' Fund, the Fund's policy is to perform the following:

- Monitor 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 the Chief Executive Officer critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current period.

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of the IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair value measurements), the Fund shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

	June 30, 2017		
	Level 1	Level 2	Level 3
	-----Rs in '000-----		
Equity shares - designated at fair value			
Investment in equity shares	60,038	-	-
	<u>60,038</u>	<u>-</u>	<u>-</u>

During the period ended June 30, 2017, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

31 CONTINGENCIES AND COMMITMENTS

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

32 DATE OF AUTHORIZATION FOR ISSUE

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

33 GENERAL

These figures has been rounded off to the nearest thousand rupees unless otherwise stated.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR









CHIEF FINANCIAL OFFICER









**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Online Quizzes

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android
and ios devices



call 0800-00026 | sms HELP to 8258 | CustomerCare@UBLFunds.com | www.UBLFunds.com

DISCLAIMER: ALL INVESTMENTS IN MUTUAL FUND ARE SUBJECT TO MARKET RISKS. THE NAV OF UNITS MAY GO DOWN OR UP BASED ON THE MARKET CONDITIONS. BECAUSE THE FUND'S INVESTMENT IS CONCENTRATED AND A PARTICULAR ASSET CLASS, THE NAV OF UNITS MAY FLUCTUATE MORE THAN THAT OF A LESS CONCENTRATED FUND. THE INVESTORS ARE ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF OFFERING DOCUMENT IN PARTICULAR THE INVESTMENT POLICIES MENTIONED AND CLAUSE 2.1.1, RISK FACTORS ENTIONED IN CLAUSE 2.4, ASSET CLASS RISK IN TO 2.4.1 AND WARNINGS IN CLAUSE 9 BEFORE MAKING ANY INVESTMENT DECISION.