



# Together Creating Tomorrow

Annual Report UBL Funds  
Equity Fund

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



**TOGETHER  
WE SUCCEED**

**UBL Stock Advantage  
Fund**

# USF

## UBL Stock Advantage Fund

USF is an open-end Equity Fund, investing primarily in equities listed on the PSX. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long term capital gains and dividend yield potential.

	UBL Fund Managers Limited
<b>Trustee</b>	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
<b>Distribution Company</b>	United Bank Limited (for detail of others, please visit our website: <a href="http://www.ublfunds.com.pk">www.ublfunds.com.pk</a> )
<b>Auditors</b>	Deloitte Yousuf Adil Chartered Accountants
<b>Bankers</b>	United Bank Limited Bank Alfalah Limited Habib Bank Limited MCB Bank Limited Samba Bank Limited Silk Bank Limited Sindh Bank Limited The Bank of Punjab
<b>Management Co. Rating</b>	AM2++ (JCR-VIS)



## Fund Manager's Report – UBL Stock Advantage Fund (USF)

- i) **Description of the Collective Investment Scheme category and type**  
Equity / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**  
USF is an open-end Equity Fund, investing primarily in equities listed on the KSE. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long-term capital gains and dividend yield potential.
- 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**  
KSE-100 Index
- 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
USF	6.42%	-0.58%	1.88%	-2.26%	7.73%	9.84%	2.80%	1.54%	0.47%	3.25%	4.54%	-7.77%	30.15%
Benchmark	4.51%	0.68%	1.64%	-1.60%	6.84%	12.16%	1.99%	-0.46%	-0.78%	2.38%	2.62%	-7.96%	22.83%

### 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 exposure at around 87% of total assets in local equities during the year given attractive valuations in the equity market. At the end of Jun17, the Fund Manager held exposure in the Commercial Banks, Oil & Gas Exploration Companies, Cement, Fertilizers and Oil & Gas Marketing Companies. During the year, the Fund outperformed its benchmark with a return of 30.15% against a benchmark return of 22.83% for the fiscal year FY17.

- vi) **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	89%	87%
Cash	10%	13%
Others	1%	0%
International Investments	0%	0%
Leverage	Nil	Nil
<b>Total</b>	<b>100%</b>	<b>100%</b>

vii) **Analysis of the Collective Investment Scheme's performance**

FY'17 Return:	30.15%
Standard Deviation (12m trailing):	14.45%
Sharpe Ratio (12m trailing):	1.68

viii) **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		%
7,871,923	3,672,235	114.36	76.23	62.78	21.42

ix) **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**

**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.

- 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 23, 2017	-	419,601	5.5	82.21	76.71

- xi) **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.

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

Range of Units	Number of Investors
	USF
0.0001 - 9,999.9999	3,934
10,000.0000 - 49,999.9999	366
50,000.0000 - 99,999.9999	57
100,000.0000 - 499,999.9999	78
500,000.0000 & Above	30
<b>Total</b>	<b>4,465</b>

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

There were no unit splits during the period.

- xiv) **Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

- xv) **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 Stock Advantage Fund**

	2017	2016	2015
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>7,871,923</b>	<b>3,672,235</b>	<b>3,984,684</b>
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *</b>			
Class A units - Offer	<b>78.39</b>	64.86	58.75
- Redemption	<b>76.23</b>	62.78	56.85
<b>RETURN OF THE FUND - %</b>			
Total Return of the Fund	<b>30.15</b>	14.01	22.05
Capital Growth (per unit)	<b>46.14</b>	22.48	38.77
Date of Income Distribution	<b>23-Jun-17</b>	27-Jun-16	26-Jun-15
Income Distribution	<b>5.50</b>	2.00	1.34
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
<b>AVERAGE ANNUAL RETURN - %</b>			
One Year	<b>30.15</b>	14.01	22.05
Second Year	<b>22.08</b>	18.03	26.77
Third Year	<b>22.07</b>	22.51	36.24
Since inception	<b>21.09</b>	19.95	20.80

**OFFER / REPURCHASE DURING THE YEAR- Rupees \***

Highest price per unit - Class A units - Offer	<b>94.05</b>	69.06	61.10
Highest price per unit - Class A units - Redemption	<b>91.46</b>	66.85	59.13
Lowest price per unit - Class A units - Offer	<b>64.55</b>	56.77	45.53
Lowest price per unit - Class A units - Redemption	<b>62.77</b>	54.95	44.06

\* Front-end load @ 2.5% is applicable

**PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

**PORTFOLIO COMPOSITION BY CATEGORY - %**

Bank Balances	<b>13.00</b>	11.00	3.00
Equity securities	<b>87.00</b>	89.00	97.00

**PORTFOLIO COMPOSITION BY MARKET - %**

Equity market	<b>100.00</b>	100.00	100.00
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Note:

- The Launch date of Fund is 04 August 2006.

**DISCLAIMER**

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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Email: [info@cdcpak.com](mailto:info@cdcpak.com)




**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL STOCK ADVANTAGE 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 Stock Advantage 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 18, 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 Stock Advantage 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 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 THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

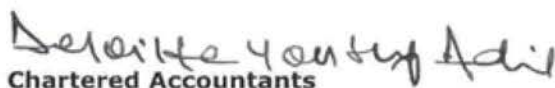
We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of UBL Fund Managers Limited, the Management Company of UBL Stock Advantage Fund (the Fund), for the year ended June 30, 2017 to comply with Regulation No. 5.19 of the Rule Book of the 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 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 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's statement on internal control covers all risk 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 Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval of the Fund's 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 prices recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board 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 June 30, 2017.

  
**Chartered Accountants**

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

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### Report on the Financial Statements

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

### Management Company's Responsibility for the Financial Statements

UBL Fund Managers Limited (the Management Company) is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of 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 about 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 auditors' 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, 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 the Management Company, 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 financial position of the Fund's affairs as at June 30, 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.



## **Report on other Legal and Regulatory Requirements**

In our opinion, the financial statements have been prepared, in all material respects, 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.

*Deloitte Yousuf Adil*  
**Chartered Accountants**

**Engagement Partner**  
Nadeem Yousuf Adil

**Date:** August 23, 2017  
**Place:** Karachi

**UBL STOCK ADVANTAGE FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2017**

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>ASSETS</b>			
Bank balances	4	1,025,087	417,923
Investments	5	6,994,684	3,541,047
Dividend and profit receivable	6	15,250	6,313
Security deposits and other receivables	7	10,578	5,025
Advance tax	8	2,799	3,017
<b>Total assets</b>		<b>8,048,398</b>	<b>3,973,325</b>
<b>LIABILITIES</b>			
Payable to UBL Fund Managers Limited - Management Company	9	27,435	10,342
Payable to Central Depository Company of Pakistan Limited - Trustee	11	830	443
Payable to Securities and Exchange Commission of Pakistan	12	6,176	3,548
Payable against purchase of investments		3,943	192,056
Accrued expenses and other liabilities	13	138,091	94,701
<b>Total liabilities</b>		<b>176,475</b>	<b>301,090</b>
<b>Net Assets</b>		<b>7,871,923</b>	<b>3,672,235</b>
<b>Unit Holders' Fund (As Per Statement Attached)</b>		<b>7,871,923</b>	<b>3,672,235</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	28	----- (Number of units) -----	
<b>Number of Units in Issue</b>	14	<b>103,258,930</b>	<b>58,491,270</b>
		----- (Rupees) -----	
<b>Net Asset Value Per Unit</b>		<b>76.23</b>	<b>62.78</b>
<b>Face Value Per Unit</b>		<b>100</b>	<b>100</b>

The annexed notes 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 STOCK ADVANTAGE FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 ------(Rupees in '000)-----	2016
<b>INCOME</b>			
Profit on bank deposits		27,510	20,689
Gain on sale of investments - net		982,841	70,750
Dividend income		229,480	139,884
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.1	480,654	324,200
<b>Total income</b>		<b>1,720,485</b>	<b>555,523</b>
<b>EXPENSES</b>			
Remuneration of UBL Fund Managers Limited - Management Company	9.1	130,018	74,699
Sindh Sales Tax on remuneration of the Management Company	9.2	16,902	10,458
Allocated expenses	9.3	6,501	2,139
Allocated selling and marketing expenses	10	9,049	-
Provision for indirect duties and taxes	13.1	-	13,625
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	11.1	8,476	5,399
Annual fee - Securities and Exchange Commission of Pakistan	12.1	6,176	3,548
Auditors' remuneration	15	464	466
Brokerage and settlement charges		49,550	30,209
Listing fee		55	50
Printing expenses		22	-
Legal and Professional charges		484	111
Bank charges		150	952
Other expenses		9	272
<b>Total expenses</b>		<b>227,856</b>	<b>141,928</b>
<b>Net operating income</b>		<b>1,492,629</b>	<b>413,595</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		330,195	32,040
Reversal of provision for Workers' Welfare Fund	13.2	35,341	-
Provision for Sindh Workers' Welfare Fund	13.2	(49,389)	-
<b>Net income for the year before taxation</b>		<b>1,808,776</b>	<b>445,635</b>
Taxation	16	-	-
<b>Net income for the year after taxation</b>		<b>1,808,776</b>	<b>445,635</b>
<b>Earnings per unit</b>	17		

The annexed notes 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 STOCK ADVANTAGE FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>2017</b>	<b>2016</b>
	<b>----- (Rupees in '000) -----</b>	
Net income for the year after taxation	<b>1,808,776</b>	445,635
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to income statement	-	-
Items that will not be reclassified subsequently to income statement	-	-
<b>Total comprehensive income</b>	<b>1,808,776</b>	445,635

The annexed notes 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 STOCK ADVANTAGE FUND  
DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

**2017                      2016**  
**----- (Rupees in '000) -----**

**Undistributed income brought forward comprising of:**

- Realised income
- Unrealised income

<b>424,178</b>	268,090
<b>324,200</b>	133,592

**Undistributed income brought forward - net**

**748,378**                      401,682

Net income after taxation

**1,808,776**                      445,635

**Interim distributions during the year**

Cash distribution

- Rs. 5.5 per unit declared on June 23, 2017
- (2016: Re. 2 per unit declared on June 27, 2016)

**(419,601)**                      (98,939)

**Undistributed income carried forward**

**2,137,553**                      748,378

**Undistributed income carried forward comprising of:**

- Realised income
- Unrealised income

**1,656,899**                      424,178  
**480,654**                      324,200

**2,137,553**                      748,378

The annexed notes 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 STOCK ADVANTAGE FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017 ------(Rupees in '000)-----	2016 ------(Rupees in '000)-----
<b>Net assets at beginning of the year</b>		
Rs. 62.78 per unit (2015: Rs. 56.85 per unit)	<b>3,672,235</b>	3,984,684
Issue of 145,648,434 units (2016: 96,398,632 units)	<b>11,061,269</b>	5,812,209
Redemption of 100,880,775 units (2016: 107,993,098 units)	<b>(7,920,561)</b>	(6,439,314)
	<b>3,140,708</b>	(627,105)
	<b>6,812,943</b>	3,357,579
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed transferred to income statement - net	<b>(330,195)</b>	(32,040)
Gain on sale of investments - net	<b>982,841</b>	70,750
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	<b>480,654</b>	324,200
Other income for the year	<b>345,281</b>	50,685
	<b>1,808,776</b>	445,635
Interim Distribution to unit holders during the year -Cash*	<b>(419,601)</b>	(98,939)
	<b>(419,601)</b>	(98,939)
<b>Net assets at end of the year</b>		
Rs. 76.23 per unit (2016: Rs. 62.78 per unit)	<b>7,871,923</b>	3,672,235

\*Full details on distributions are given in the distribution statement.

The annexed notes 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 STOCK ADVANTAGE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	1,808,776	445,635
<b>Adjustments for non-cash charges and other items:</b>		
Gain on sale of investments - net	(982,841)	(70,750)
Profit on bank deposits	(27,510)	(20,689)
Dividend income	(229,480)	(139,884)
Provision for indirect duties and taxes	-	13,625
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(480,654)	(324,200)
Provision for Sindh Worker's Welfare Fund	49,389	-
Reversal of provision for Workers' Welfare Fund	(35,341)	-
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed - net	(330,195)	(32,040)
	(227,856)	(128,303)
<b>(Increase) / decrease in assets</b>		
Investments	(1,990,142)	725,775
Security deposits and other receivables	(5,553)	233,143
	(1,995,695)	958,918
<b>(Decrease) / increase in liabilities</b>		
Payable to UBL Fund Managers Limited - Management Company	17,093	(178,978)
Payable to Central Depository Company of Pakistan Limited - Trustee	387	11
Payable to Securities and Exchange Commission of Pakistan	2,628	(989)
Payable against purchase of investments	(188,113)	192,056
Accrued expenses and other liabilities	29,342	(5,720)
	(138,663)	6,380
	(2,362,214)	836,995
Profit on bank deposits received	25,862	21,151
Dividend received	222,191	139,492
Tax refunded / (paid)	218	(2,359)
<b>Net cash (used in) / generated from operating activities</b>	(2,113,943)	995,279
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	11,061,269	5,812,209
Payments against redemption of units	(7,920,561)	(6,439,314)
Dividend paid to unit holders	(419,601)	(98,939)
<b>Net cash generated from / (used in) financing activities</b>	2,721,107	(726,044)
<b>Net increase in cash and cash equivalents</b>	607,164	269,235
<b>Cash and cash equivalents at the beginning of the year</b>	417,923	148,688
<b>Cash and cash equivalents at the end of the year</b>	1,025,087	417,923

The annexed notes 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 STOCK ADVANTAGE FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

UBL Stock Advantage Fund (the Fund) was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 5, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 27, 2006 in accordance with the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund commenced its operations from August 04, 2006.

The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi, Pakistan.

The Fund is an open ended mutual fund categorised as Equity Fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

The investment objective of the Fund is to provide investors long-term capital appreciation by investing primarily in a mix of equities that offer capital gains and dividend yield potential. The Fund mainly makes investments in a diversified portfolio of shares of listed companies and treasury bills not exceeding 90 days maturity.

JCR - VIS Credit Rating Company has assigned management quality rating of AM2++ (stable outlook) to the Management Company as at December 30, 2016.

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

**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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of 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 Amendments to published accounting standards that are effective in the current year**

The following amendments to published approved accounting standards are effective for the year ended June 30, 2017. These amendments are, either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

- Amendments to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations': Clarification regarding changes in the method of disposal of an asset.
- Amendments to IFRS 7 'Financial Instruments – Disclosures': Disclosure requirements for servicing arrangements on continuing involvement in transferred financial assets.

- Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 (Revised 2011) 'Investments in Associates and Joint Ventures': Application of consolidation exception.
- Amendments to IFRS 11 'Joint Arrangements': Accounting for acquisitions of an interest in a joint operation.
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets': Clarification on acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants.
- Amendments to IAS 19 'Employee Benefits': Clarification that the same currency bonds be used to determine the discount rate in which benefits are to be paid.
- Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements.

### 2.3 Amendments to published accounting standards and new IFRS interpretations that are not yet effective

The following amendments to approved accounting standards and new IFRS interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures:

	Effective date (accounting periods beginning on or after)
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
- Amendments to IAS 7 'Statement of Cash Flows': Amendments as result of the disclosure initiative	January 1, 2017
- Amendments to IAS 12 'Income Taxes': Recognition of deferred tax assets for unrealised losses	January 1, 2017
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' – Measuring an associate or joint venture at fair value	January 1, 2018
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 1, 2018
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities': Clarification of scope of the standard	January 1, 2017
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 1, 2018
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

Other than the aforesaid interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the SECP:

- 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

## **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

- (i) classification and valuation of financial assets (notes 3.2 and 5); and
- (ii) impairment of financial assets (note 3.2.5)

## **2.5 Accounting convention**

These financial statements have been prepared under the historical cost convention except that certain financial assets have been carried at fair value.

## **2.6 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

# **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all the years presented unless otherwise stated.

## **3.1 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 cost.

## **3.2 Financial assets**

### **3.2.1 Classification**

The classification of financial assets depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition.

Financial assets are classified 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.

#### **c) Available for sale**

These are 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.

### **3.2.2 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.



### **3.2.3 Initial recognition and measurement**

All financial assets are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the acquisition, except in case of "financial assets at fair value through profit or loss", in which case the transaction costs are charged off to the income statement.

### **3.2.4 Subsequent measurement**

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

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

##### **- Basis of valuation of equity securities**

Equity securities are valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the reporting date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

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 from changes in the fair value of available for sale financial assets are taken to the statement of comprehensive income until these are derecognised or impaired. At the time of impairment and derecognition, the cumulative gain or loss previously recognised in the statement of other comprehensive income 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 are also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired.

### **3.2.5 Impairment**

The Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. 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.

In case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an objective evidence of impairment. In case of available for sale securities, the cumulative loss previously recognised in the statement of other comprehensive income is removed therefrom and recognised in the income statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

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 these 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 SECP.

### **3.2.6 Derecognition**

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

### **3.3 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, cancelled or expired.

### **3.4 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.

### **3.5 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. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities.

### **3.6 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.

### **3.7 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 those 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.

### **3.8 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, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

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

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 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.

### **3.9 Distributions**

Dividend distribution to the Unit Holders is recognized in the period in which these are approved.

### **3.10 Issuance and redemption of units**

Units issued are allocated 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 at the close of the business day plus the allowable front-end sales load and provision of any duties and charges, if applicable. The sales load is payable to the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during the business hours of that day. The redemption price represents the net asset value per unit as at the close of the business day less any back-end load and an amount that the management company may consider to be an appropriate provision of duties and charges. Redemption of units is recorded on acceptance of application for redemption.

### **3.11 Element of income / (loss) 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 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 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 in prices of units issued less those in units redeemed' during the year is transferred to the 'income statement'.

### 3.12 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 year end.

### 3.13 Revenue recognition

- Dividend income on equity securities is recognised in the income statement when the right to receive the dividend is established.
- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Income on bank balances and term deposits is recognised on time proportionate basis.
- 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.

	Note	2017 ------(Rupees in '000)-----	2016 ------(Rupees in '000)-----
<b>4. BANK BALANCES</b>			
<b>In local currency</b>			
- Profit and loss sharing accounts	4.1	1,013,831	416,569
- Current account		11,256	1,354
		<u>1,025,087</u>	<u>417,923</u>

4.1 These carry mark-up at rates ranging between 3.75% to 6.6% (2016: 4% to 5.75%) per annum.

	Note	2017 ------(Rupees in '000)-----	2016 ------(Rupees in '000)-----
<b>5. INVESTMENTS</b>			
<b>At fair value through profit or loss - Held for trading</b>			
- Equity securities	5.1	<u>6,994,684</u>	<u>3,541,047</u>

## 5.1 Equity securities - Held-for-trading

(Ordinary Shares of Rs. 10 each unless indicated otherwise)

Name of Security	As at July 1, 2016	Purchased / bonus received during the year	Sold during the year	As at June 30, 2017	Total carrying value as at June 30, 2017	Total market value as at June 30, 2017	Appreciation/ (diminution) as at June 30, 2017	Market value as a percentage of net assets (%)	Market value as a percentage of total value of investment (%)	Investment as a percentage of paid-up capital of investee company (%)
Note	(Number of shares)			(Rupees '000)						
Quoted Investments										
Textile Composite										
Gul Ahmed Textile Mills Limited	-	4,458,935	3,250,000	1,208,935	37,662	49,542	11,880	0.01	0.007	0.407
Kohinoor Textile Mills Limited	5.1.2	4,275	4,000	4,275	510	449	(61)	0.00	0.000	0.008
Nishat (Chunian) Limited	-	6,351,500	4,275,000	2,076,500	118,923	106,566	(12,357)	0.01	0.015	0.864
Nishat Mills Limited	1,009,500	3,085,900	1,903,500	2,191,900	321,814	347,811	25,997	0.04	0.060	0.623
					478,909	504,368	25,459	0.06	0.072	
IT Industries										
System Limited	-	1,356,000	279,500	1,076,500	81,991	81,642	(349)	0.01	0.012	0.969
					81,991	81,642	(349)	-	-	
Oil & Gas Marketing Companies										
Sui Northern Gas Pipelines Limited	-	10,366,000	9,334,500	1,031,500	86,563	153,611	65,048	0.02	0.022	0.163
Pakistan State Oil Company Limited	490,100	624,800	497,200	617,700	258,439	239,266	(19,173)	0.03	0.034	0.227
					347,002	392,877	45,875	0.05	0.056	
Oil & Gas Exploration Companies										
Oil and Gas Development Company Limited	1,061,000	2,685,700	2,331,500	1,415,200	213,116	199,104	(14,012)	0.03	0.028	0.033
Mari Petroleum Company Limited	172,100	142,430	97,540	216,990	216,880	341,898	123,018	0.04	0.049	0.197
Pakistan Oilfields Limited	422,400	1,014,500	1,322,000	114,900	46,871	52,641	5,770	0.01	0.008	0.049
Pakistan Petroleum Limited	708,600	2,114,600	1,434,700	1,388,500	237,259	205,692	(31,567)	0.03	0.029	-
Thal Limited	-	532,000	74,000	458,000	206,766	277,562	68,796	0.04	0.040	0.016
Attock Petroleum Limited	-	187,300	6,150	181,150	107,885	113,478	5,593	0.01	0.016	0.216
					1,032,777	1,190,375	157,598	0.11	0.170	
Paper & Board										
Packages Limited	237,500	64,000	55,950	245,550	166,949	170,800	1,851	0.02	0.024	0.275
Century Paper and Board Mills Limited	-	1,447,500	622,000	825,500	80,081	80,940	859	0.01	0.012	2.788
Cherat Packaging Limited.	437,355	12,000	448,810	545	186	130	(56)	-	0.000	0.002
					249,216	251,870	2,654	0.02	0.036	
Refinery										
Attock Refinery Limited	104,000	-	104,000	-	-	-	-	-	-	-
					-	-	-	-	-	
Fertilizer										
Engro Corporation Limited	668,400	1,298,200	877,000	1,089,600	364,031	355,112	(8,919)	0.05	0.051	0.208
Fatima Fertilizer Company Limited	-	500,000	500,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	757,500	375,000	1,131,800	700	70	58	(12)	-	0.000	-
Engro Fertilizers Limited	-	8,391,000	3,884,500	4,506,500	309,531	248,939	(60,592)	0.03	0.036	0.339
Dawood Hercules Corporation Limited	291,600	609,500	901,100	-	-	-	-	-	-	-
					673,632	604,109	(69,523)	0.06	0.066	
CABLE & ELECTRICAL GOODS										
Pak Elektron Limited	-	7,118,500	5,880,000	1,238,500	106,793	136,631	29,838	0.02	0.020	0.249
					106,793	136,631	29,838	-	-	
Cement										
Cherat Cement Company Limited	1,172,100	1,219,000	1,330,500	1,060,600	162,678	189,614	26,936	0.02	0.027	0.600
D.G. Khan Cement Company Limited	937,000	2,210,100	2,265,400	881,700	182,785	187,943	5,178	0.02	0.027	0.201
Fauji Cement Company Limited	-	3,600,000	2,895,500	704,500	30,253	28,906	(1,347)	0.00	0.004	0.051
Kohat Cement Limited	443,500	-	443,500	-	-	-	-	-	-	-
Lucky Cement Limited	265,800	406,500	281,500	390,800	290,930	326,810	35,879	0.04	0.047	0.121
Maple Leaf Cement Factory Limited	85,000	2,387,000	2,472,000	-	-	-	-	-	-	-
Pioneer Cement Limited	1,225,400	1,428,800	2,410,300	243,900	35,357	32,527	(2,830)	0.00	0.005	0.107
					701,983	765,800	63,816	0.09	0.109	
Power Generation & Distribution										
Kot Addu Power Company Limited	-	1,853,500	1,853,500	-	-	-	-	-	-	-
Hub Power Company Limited	2,092,500	2,867,800	2,550,100	2,410,200	302,712	283,030	(19,682)	0.04	0.040	0.208
K-Electric Limited (Face value of Rs. 3.5 per share)	5.1.1	18,149,000	20,925,000	39,074,000	-	-	-	-	-	-
Seif Power Limited	-	1,083,500	1,083,500	-	-	-	-	-	-	-
					302,712	283,030	(19,682)	0.04	0.040	

Name of Security		As at July 1, 2016	Purchased / bonus received during the year	Sold during the year	As at June 30, 2017	Total carrying value as at June 30, 2017	Total market value as at June 30, 2017	Appreciation/ (diminution) as at June 30, 2017	Market value as a percentage of net assets (%)	Market value as a percentage of total value of investment (%)	Investment as a percentage of paid- up capital of investee company (%)
	Note	(Number of shares)				(Rupees '000)					
Insurance											
Adamjee Insurance Company Limited		-	1,944,500	242,000	1,702,500	126,853	116,383	(10,470)	0.01	0.017	0.486
EFU Life Assurance Limited		278,800	-	278,800	-	-	-	-	-	-	-
						126,853	116,383	(10,470)	0.01	0.017	
TRANSPORT											
Pakistan International Bulk Terminal Limited		65,000	1,260,000	1,325,000	-	-	-	-	-	-	-
						-	-	-	-	-	
Pharmaceutical											
The Searle Company Limited	5.1.2	135,000	546,041	453,100	227,941	161,131	130,362	(30,769)	0.02	0.019	0.186
Ferozsons Laboratories Limited		112,900	10,000	122,900	-	-	-	-	-	-	-
						161,131	130,362	(30,769)	0.02	0.019	
Food & Personal Care Products											
Al Shaheer Corporation Limited		-	2,986,225	1,094,000	1,892,225	89,263	75,897	(13,366)	0.01	0.011	1.331
						89,263	75,897	(13,366)	-	-	
Commercial Banks											
Allied Bank Limited		-	1,890,000	30,600	1,859,400	179,879	166,639	(13,240)	0.02	0.024	0.162
Habib Bank Limited		834,500	1,433,600	1,285,600	982,500	230,983	264,430	33,447	0.03	0.038	0.067
MCB Bank Limited		507,500	2,454,100	1,565,000	1,396,600	315,707	293,887	(21,820)	0.04	0.042	0.125
Bank Al-Falah Limited		-	5,342,000	2,873,000	2,469,000	96,321	99,254	933	0.01	0.014	0.155
Faisal Bank Limited		-	5,065,000	374,000	4,691,000	107,438	105,548	(1,890)	0.01	0.015	0.391
United Bank Limited		747,500	2,102,500	1,530,700	1,319,300	289,216	310,722	21,506	0.04	0.044	0.108
						1,221,544	1,240,480	18,936	0.16	0.177	
Automobile Parts & Accessories											
Agriautos Industries Limited		215,000	44,600	183,000	76,600	15,149	33,084	17,935	0.00	0.005	0.266
(face value Rs. 5 per share)											
Milat Tractors Limited		-	134,850	86,200	48,650	71,072	66,867	(4,205)	0.01		0.110
						86,221	99,951	13,730	0.00	0.005	
Automobile Assembler											
Indus Motor Company Limited		-	51,320	8,500	42,820	75,497	76,802	1,304	0.01	0.011	0.054
Honda Atlas Cars (Pakistan) Limited		289,500	284,400	389,850	184,050	107,151	159,698	52,547	0.02	0.023	0.129
Pak Suzuki Motor Company Limited		-	516,100	271,650	244,450	151,922	190,759	38,837	0.02	0.027	0.297
						334,570	427,259	92,688	0.05	0.061	
Engineering											
Anrell Steels Ltd.		1,122,500	355,000	1,461,000	16,500	1,531	2,029	498	0.00	0.000	0.006
International Steels Limited		-	1,309,500	712,000	597,500	51,768	76,414	24,646	0.01	0.011	0.137
Mughal Iron and Steel Industries Limited		-	3,204,500	2,290,000	914,500	30,606	73,828	43,222	0.01	0.011	0.727
Aisha Steel Limited		-	17,288,300	15,184,400	2,103,900	35,067	42,793	7,726	0.01	0.006	0.774
International Industries Limited		-	564,600	300,000	264,600	63,917	96,703	32,786	0.01	0.014	0.221
						182,889	291,767	108,878	0.01	0.011	
Chemical											
Engro Polymer & Chemicals Limited		-	5,638,000	2,274,000	3,364,000	97,564	122,786	25,222	0.02	0.018	0.507
I.C.I Pakistan Limited		-	207,250	27,500	179,750	149,186	196,745	47,559	0.03	0.028	0.195
						246,750	319,531	72,781	0.04	0.05	
MISCELLANEOUS											
Pakistan Stock Exchange		-	3,206,875	-	3,206,875	89,793	82,352	(7,441)	0.01	0.012	0.400
Tracker Properties Limited		600,000	-	600,000	-	-	-	-	-	-	-
						89,793	82,352	(7,441)	0.011	0.012	
Total-June 30, 2017						6,514,030	6,994,684	480,654			
Total-June 30, 2016						3,216,847	3,541,047	324,200			

**5.1.1** The above equity securities include 1,654,000 shares (2016: 9,970,000 shares) pledged with National Clearing Company of Pakistan Limited having a market value (in aggregate) amounting to Rs. 122.509 million (2016: Rs. 80.358 million) for guaranteeing settlement of the Fund's trades in accordance with Circular No.11 dated October 23, 2007 issued by the SECP.



- 5.1.2** 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 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. An investee company 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. 17.6 million (2016: Rs. 14.2 million) at year end. Such shares have not been deposited by the investee company in CDC account of Income Tax department. The Fund has included in its investments the withheld shares and recorded them at fair market value at year end.

	2017	2016
	----- (Rupees in '000) -----	
<b>6. DIVIDEND AND PROFIT RECEIVABLE</b>		
Dividend receivable	12,341	5,052
Profit receivable on profit and loss sharing accounts	2,909	1,261
	<u>15,250</u>	<u>6,313</u>

**7. SECURITY DEPOSITS AND OTHER RECEIVABLES**

Security deposits with:

- National Clearing Company of Pakistan Limited	3,500	3,500
- Central Depository Company of Pakistan Limited	100	100
Receivable against unit issuance	6,978	1,425
	<u>10,578</u>	<u>5,025</u>

**8. 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 (FBR), 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 ITO 2001 from Commissioner Inland Revenue (CIR). During the financial year ended June 30, 2016, prior to receiving tax exemption certificate(s) from CIR various withholding agents had deducted advance tax under section 150, 150A and 151 of ITO 2001. The Management Company has filed refund application and is confident that the same shall be refunded.

	Note	2017	2016
		----- (Rupees in '000) -----	
<b>9. PAYABLE TO UBL FUND MANAGERS LIMITED - MANAGEMENT COMPANY</b>			
Management fee (including Sindh sales tax thereagainst)	9.1 & 9.2	14,736	6,995
Sales load and conversion charges		2,267	1,208
Allocated expenses	9.3	1,383	2,139
Selling and marketing expense	10	9,049	-
		<u>27,435</u>	<u>10,342</u>

- 9.1** As per the amended NBFC Regulations dated November 25, 2015 the Management Company is entitled to remuneration of an amount not exceeding 2% of average daily net assets of the Fund. The Management Company has charged remuneration at the rate of 2% of average annual net assets of the Fund.

- 9.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2016: 14%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 9.3** As per regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, 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, being the lower amount to the Fund.

**10. Selling and marketing expense**

During the year, SECP vide Circular No. 40 of 2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to certain collective investment schemes managed by them. Pursuant to the circular, the AMCs are allowed to charge selling and marketing expenses for an initial period of three years (from January 01, 2017 till December 31, 2019) at a maximum cap of 0.4% per annum of net assets of the Fund or actual expenses, whichever is lower. Accordingly, the Management Company has charged 0.4% of daily net assets of the Fund from March 21, 2017, being the lower amount.

	Note	2017 ------(Rupees in '000)-----	2016 ------(Rupees in '000)-----
<b>11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee	11.1	<u>830</u>	<u>443</u>

- 11.1** 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 structure applicable to the Fund in respect of the trustee fee for the year ended June 30, 2017 is as follows:

Net Assets	Tariff per annum
Upto Rs 1,000 million	Rs 0.7 million or 0.20% p.a. of NAV, whichever is higher
On an amount exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% p.a. of NAV

	Note	2017 ------(Rupees in '000)-----	2016 ------(Rupees in '000)-----
<b>12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee	11.1	<u>6,176</u>	<u>3,548</u>

- 12.1** Under the provisions of the NBFC Regulations, a collective investment scheme classified as equity scheme is required to pay annual fee to the SECP equivalent to 0.095% of the average annual net assets of the Fund.

	Note	2017 ------(Rupees in '000)-----	2016 ------(Rupees in '000)-----
<b>13. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration		315	310
Tax deduction at source		27,176	7,383
Zakat deducted at source		2,933	1,868
Brokerage and settlement charges		4,480	2,449
Capital gain tax		5,804	1,927
Provision for indirect duties and taxes	13.1	45,195	45,195
Others		2,799	228
Provision for Sindh Workers' Welfare Fund	13.2	49,389	-
Provision for Workers' Welfare Fund	13.2	-	35,341
		<u>138,091</u>	<u>94,701</u>

- 13.1** As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was applied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED since June 13, 2013.

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Therefore, no provision for FED has been recorded after June 30, 2016.

On June 30, 2016, the Honorable Sindh High Court of Pakistan had passed a Judgment that after the 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Honorable Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Pending the adjudication in the SCP, the Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 45.2 million. Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2017 would have been higher by Rs. 0.44 per unit (June 30, 2016: Rs. 1.74) per unit.

### **13.2 Workers' Welfare Fund and Sindh Workers' Welfare Fund**

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that 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, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. Subsequently, the Finance Act, 2015 introduced an amendment under which CISs have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan. The Honorable Lahore High Court (LHC) and the Honorable Sindh High Court (SHC) arrived at different conclusions in respect of the validity of the amendments made through the Finance Act in relation to the WWF. Both the decisions of the LHC and the SHC were challenged in the Honorable Supreme Court of Pakistan (SCP). During the period, the SCP passed a judgment on November 10, 2016, declaring the insertion of amendments introduced through Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. Subsequently, the Federal Board of Revenue (FBR) has filed a review petition in the SCP against the said judgment, which is pending adjudication.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also on May 21, 2015 introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014 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 Fund Association of Pakistan (MUFAP), believes that Mutual Funds are not liable to pay Sindh WWF 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 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 January 12, 2017 the following:

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

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange 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 in the financial statement of mutual funds. Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for SWWF is being made on a daily basis.

	2017	2016
	-----Number of units-----	
<b>14. NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	58,491,270	70,085,736
Units issued	145,648,435	96,398,632
Units redeemed	(100,880,775)	(107,993,098)
Total units in issue at the end of the year	103,258,930	58,491,270

**14.1** The par value of each unit is Rs. 100. The Management Company has set a minimum investment of Rs. 500.

**14.2** All units carry equal rights and are entitled to dividend and share in the net asset value of the Fund.

	2017	2016
	----- (Rupees in '000) -----	
<b>15. AUDITORS' REMUNERATION</b>		
Annual audit fee	220	220
Half yearly review	110	110
Review of compliance with the requirements of the Code of Corporate Governance	39	39
Other certifications	33	33
Out of pocket expenses	62	64
	464	466

#### **16. 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 year, management has distributed cash dividend of at least 90% of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognized in these financial statements.

#### **17. EARNINGS PER UNIT**

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

#### **18. TOTAL EXPENSE RATIO**

As per Directive 23 of 2016 dated July 20, 2016 issued by the SECP, the Total Expense Ratio of the Fund is 4.27% as on June 30, 2017 and this includes 1.13% representing government levy, Sindh Worker's Welfare Fund and SECP fee.

#### **19. FINANCIAL INSTRUMENTS BY CATEGORY**

The financial assets and liabilities carried on the statement of assets and liabilities are categorised as follows:

Particulars	As at June 30, 2017		
	Loans and receivables	Financial assets at fair value through profit or loss	Total
<b>Financial assets</b>			
Bank balances	1,025,087	-	1,025,087
Investments	-	6,994,684	6,994,684
Dividend and profit receivable	15,250	-	15,250
Security deposits and other receivables	10,578	-	10,578
	1,050,915	6,994,684	8,045,599

Particulars	As at June 30, 2017		
	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	-	27,435	27,435
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	830	830
Accrued expenses and other liabilities	-	7,594	7,594
Payable against purchase of investments	-	3,943	3,943
	-	39,802	39,802

Particulars	As at June 30, 2016		
	Loans and receivables	Financial assets at fair value through profit or loss	Total
(Rupees in '000)			

#### Financial assets

Bank balances	417,923	-	417,923
Investments	-	3,541,047	3,541,047
Dividend and profit receivable	6,313	-	6,313
Security deposits and other receivables	5,025	-	5,025
	429,261	3,541,047	3,970,308

Particulars	As at June 30, 2016		
	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	-	10,342	10,342
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	443	443
Accrued expenses and other liabilities	-	2,987	2,987
Payable against purchase of investments	-	192,056	192,056
	-	205,828	205,828

## 20. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risks to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

The management of these risks is carried out by the Management Company under policies approved by its Board of Directors.

The Fund primarily invests in a portfolio of equity securities of listed companies. The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

### 20.1 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 market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the SECP.

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

### **20.1.1 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 currency exchange rates.

At present, the Fund has no exposure to currency risk as there are no financial assets or financial liabilities denominated in foreign currencies.

### **20.1.2 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.

#### **a) Cash flow interest rate risk**

The Fund's interest rate risk arises from the balances in savings accounts. For the year, income would have increased / (decreased) by Rs. 10.129 million (2016: Rs.4.17 million), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

#### **b) Fair value interest rate risk**

Since the Fund currently does not have any fixed rate instruments that are impacted by market interest rates, therefore, it is not exposed to fair value interest rate risk.

### **20.1.3 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.

The Fund's equity securities are primarily exposed to equity price risk because of investments held and classified by the Fund on the statement of assets and liabilities as 'financial assets at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Fund's constitutive documents. The Fund's constitutive documents / NBFC Regulations also limit investment in individual equity securities to not more than 15% of its net assets, or 15% of the issued capital of the investee company and the sector exposure limit to 40% of net assets.

In case of 5% increase / decrease in the fair value of the Fund's equity securities on June 30, 2017, net income for the year would increase / decrease by Rs. 349.734 million (2016: Rs. 177.05 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

## **20.2 Credit risk**

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Fund's credit risk mainly arises from deposits with banks and financial institutions and credit exposure arising as a result of dividend receivable (if any) on equity securities.

#### **Management of credit risk**

For banks and financial institutions, the Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. 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 and the regulations and the guidelines given by the SECP from time to time.

The maximum exposure to credit risk before considering any collateral 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'.

**20.2.1** The analysis below summarises the credit quality of the balances in deposit accounts with Banks with which the Fund has kept such balances as at June 30, 2017:

**Bank balances by rating category**

Name of bank	Balances held by the Fund as at June 30, 2017	Latest available published rating as at June 30, 2017	Rating agency
(Rupees in '000)			
Bank Alfalah Limited	873,173	AA+	JCR-VIS
The Bank of Punjab	123	AA	JCR-VIS
Silkbank Limited	91	A-	JCR-VIS
United Bank Limited	145,798	AAA	JCR-VIS
MCB Bank Limited	5,863	A	PARCA
Samba Bank Limited	9	AA	JCR-VIS
Habib Bank Limited	20	AAA	JCR-VIS
Sindh Bank Limited	10	AA	JCR-VIS
	1,025,087		

**Concentration on credit risk**

Concentration of credit risk arises 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. The Fund mainly deals in equity securities which are primarily subject to price risk. The Fund's portfolio of other financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

**20.3 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 such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to the daily settlement of equity securities and to daily cash redemption requests on a regular basis. Units are redeemable at the holders' 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 approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realised.

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 the Board of Directors of the Management Company in extraordinary circumstances. The Fund can also borrow, with 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 net assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.



The following table analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting 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 up to one year	More than one year	Total
(Rupees in '000)				
Payable to UBL Fund Managers Limited - Management Company	27,435	-	-	27,435
Payable to the Central Depository Company of Pakistan Limited - Trustee	830	-	-	830
Accrued expenses and other liabilities	7,594	-	-	7,594
Payable against purchase of investments	3,943	-	-	3,943
	39,802	-	-	39,802

Particulars	June 30, 2016			
	Upto three months	More than three months and up to one year	More than one year	Total
(Rupees in '000)				
<b>Liabilities</b>				
Payable to UBL Fund Managers Limited - Management Company	10,342	-	-	10,342
Payable to the Central Depository Company of Pakistan Limited - Trustee	443	-	-	443
Accrued expenses and other liabilities	2,987	-	-	2,987
Payable against purchase of investments	192,056	-	-	192,056
	205,828	-	-	205,828

## 21. 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. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund's objective when managing 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

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to the unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund. This includes the Fund's ability to restrict redemptions; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer of the Management Company 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 year.

## 22. 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 the market participants at the measurement date. Consequently, differences can arise between carrying value 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.

Fair value of investments classified as 'at fair value through profit or loss' which are tradable in an open market is based on 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.

The Fund classifies 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:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The table below provides information on financial assets or liabilities carried at fair values, by valuation methods.

### ASSETS

Investment in securities - financial assets at fair value through profit or loss - held for trading

- Equity securities

As at June 30, 2017			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
6,994,684	-	-	6,994,684

### ASSETS

Investment in securities - financial assets at fair value through profit or loss - held for trading

- Equity securities

As at June 30, 2016			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
3,541,047	-	-	3,541,047

There were no transfers between various levels of fair value hierarchy during the year.

## 23. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGED

	June 30, 2017 (Percentage)
1 JS Global Capital Limited	8.88
2 Habib Metropolitan Financial Services	7.17
3 Optimus Capital Management (Private) Limited	6.98
4 Next Capital Limited	6.25
5 Insight Securities (Private) Limited	5.95
6 EFG Hermes Pakistan Limited	5.54
7 Topline Securities (Private) Limited	5.48
8 DJM Securities (Privated) Limited	5.42
9 Inter Market Securities Limited	5.29
10 Fortune Securities Limited	5.29
	June 30, 2016 (Percentage)
1 JS Global Capital Limited	7.76
2 Optimus Capital Management (Private) Limited	7.23
3 Next Capital Limited	7.14
4 Alfalah Securities (Private) Limited	6.81
5 KASB Securities Limited	6.71
6 Fortune Securities Limited	5.95
7 Topline Securities (Private) Limited	5.81
8 Global Securites Pakistan Limited	5.61
9 Foundation Securities (Private) Limited	5.50
10 Inter Market Securities Limited	5.36

**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	17	MBA
2	Farhan Bashir Khan	Head of Research	11	MBA
3	Syed Suleman Akhtar	Chief Investment Officer	18	MBA, CFA
4	Asim Wahab Khan*	Fund Manager	11	MBA, CFA

\* Asim Wahab Khan is also the Fund Manager of Al-Ameen Shariah Stock Fund.

**25. PATTERN OF UNIT HOLDING**

Category	-----June 30, 2017-----		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	4,378	28,183,774	27.29
Associated companies and directors	10	6,540,083	6.33
Insurance companies	6	17,013,044	16.48
Banks & DFIs	1	6,081,862	5.89
Retirement Funds	46	33,780,815	32.71
Public limited companies	10	8,129,133	7.87
Others	14	3,530,219	3.42
	4,465	103,258,930	100

Category	-----June 30, 2016-----		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	3,160	17,375,483	29.71
Associated companies / directors	5	6,136,729	10.49
Insurance companies	2	5,690,987	9.73
Banks & DFIs	1	3,593,252	6.14
Retirement Funds	46	19,721,478	33.72
Public limited companies	7	1,020,897	1.75
Others	12	4,952,444	8.47
	3,233	58,491,270	100.00

**26. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties comprise of United Bank Limited (Holding Company of the 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 the Management Company.

**26.1** Transactions with connected persons are in the normal course of business, at agreed /contracted rates.

**26.2** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

**26.3** Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

**26.4** Details of transactions with related parties / connected persons and balances held with them including transactions and balances involving related parties at the year end are as follows:

Particulars	Management Company	Associated Companies and others*	Trustee	Funds under Common Management	Directors and Key Executives**	Other connected persons***
<b>Year ended June 30, 2017</b>						
<b>Transactions during the year</b>						
<b>(Units in '000)</b>						
Units issued	778	8,100	-	-	418	9,637
Units redeemed	-	9,445	-	-	122	7,259
<b>(Rupees in '000)</b>						
Profit on savings accounts	-	5,583	-	-	-	-
Bank charges	-	88	-	-	-	-
Units issued	64,317	590,862	-	-	31,843	-
Units redeemed	-	739,590	-	-	8,629	-
Purchase of equity securities	-	804,383	-	-	-	-
Sale of equity securities	-	31,467	-	-	-	-
Dividend received	-	14,389	-	-	-	-
Dividend paid to unit holders	16,362	8,393	-	-	1,820	48,589
Remuneration (including sales tax)	146,920	-	8,476	-	-	-
Allocated expenses	6,501	-	-	-	-	-
Selling and marketing expenses	9,049	-	-	-	-	-
CDS expense	-	-	1,145	-	-	-
<b>Balances held</b>						
<b>As at June 30, 2017</b>						
<b>(Units in '000)</b>						
Units held	3,162	3,012	-	-	367	-
<b>(Rupees in '000)</b>						
Units held	241,355	229,906	-	-	28,013	-
Bank balances	-	145,798	-	-	-	-
Deposits	-	-	100	-	-	-
Investments	-	310,722	-	-	-	-
Remuneration Payable	14,736	-	830	-	-	-
Profit receivable	-	786	-	-	-	-
Sales load and conversion charges payable	2,268	296	-	-	-	-
Payable against redemption of units	-	-	-	-	-	-
Allocated expenses	1,383	-	-	-	-	-
Selling and marketing expenses	9,049	-	-	-	-	-
<b>Year ended June 30, 2016</b>						
<b>(Units in '000)</b>						
Units issued	3,725	8,838	-	11,928	331	203
Units redeemed	1,341	8,457	-	36,108	259	-
<b>(Rupees in '000)</b>						
Profit on savings accounts	-	906	-	-	-	-
Bank charges	-	53	-	-	-	-
Units issued	219,073	530,684	-	706,634	20,138	12,415
Units redeemed	79,847	500,787	-	2,076,537	15,024	-
Bonus units issued	-	341,983	-	-	-	-
Purchase of equity securities	-	167,039	-	-	-	-
Sale of equity securities	-	3,631	-	-	-	-
Dividend received	4,632	7,456	-	-	201	13,794
Remuneration (including sales tax)	85,157	-	5,399	-	-	-
	2,139	-	-	-	-	-
<b>Balances held</b>						
<b>As at June 30, 2016</b>						
<b>(Units in '000)</b>						
Units held	2,384	4,357	-	-	103	7,100
<b>(Rupees in '000)</b>						
Units held	149,658	273,532	-	-	6,486	445,738
Bank balances	-	13,749	-	-	-	-
Deposits	-	-	100	-	-	-
Investments	-	175,658	-	-	-	-
Remuneration Payable	6,995	-	443	-	-	-
Profit receivable	-	24	-	-	-	-
Sales load and conversion charges payable	1,208	-	-	-	-	-
Allocated expenses	2,139	-	-	-	-	-

\* This represents parent (including the related subsidiaries of the parent) of the Management Company, associated companies / undertakings of the Management Company.

\*\* These include transactions and balance in relation to those directors and key executives that existed as at year end. However, it does not include the transactions and balances whereby director and key executive has resigned from the management company during the year.

\*\*\* This represents the person having 10% or more holding in each period.

- 26.5** Units pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance of the current period. The same are accounted for through the movement presented above.

**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:

August 25, 2016	October 28, 2016	December 06, 2016	February 13, 2017	March 20, 2017	April 11, 2017	Total meetings attended
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**Directors:**

Tariq Kirmani	✓	✓	✓	✓	✓	6
Yasir Qadri	✓	✓	✓	✓	✓	6
Shabbir Hussain Hashmi	✓	✓	✓	✓	✓	6
Zia Ijaz	✓	x	✓	x	x	2
Syed Furukh Zaeem	✓	✓	✓	✓	✓	6
Mirza Muhammad Sadeed Hassan Barlas	✓	✓	✓	x	✓	5
Zulfiqar Alavi	✓	✓	✓	✓	x	5

**Key Executives**

Hasnain R Nensey *	✓	✓	✓	x	x	3
Fawaz Siddiqui	✓	✓	✓	✓	✓	6
Umair Ahmed	✓	✓	✓	✓	✓	6

\* Mr. Hasnain R. Nensey resigned on February 28, 2017.

**28. CONTINGENCIES AND COMMITMENTS**

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

**29. COMMITTED CREDIT LINES**

The Securities and Exchange Commission of Pakistan vide Direction No. 2 of 2017 dated January 13, 2017, has directed all Asset Management Companies (AMC) to arrange committed credit lines from banks / DFIs for the equity funds and fund of funds equivalent to 10% of its net assets and to review it at least on quarterly basis against net assets of the funds. Accordingly, the Fund has obtained committed credit lines of PKR 725 million which represents 9.21% of net asset of the Fund as at June 30, 2017 at a rate of 3 months KIBOR plus 0.45% Management of AMC intends to obtain additional credit line to meet the shortfall.

**30. GENERAL**

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

**31. DATE OF AUTHORISATION FOR ISSUE**

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

**FOR UBL FUND MANAGERS LIMITED**  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**SSGC**

<i>Holding</i>	<i>Resolution</i>	<i>For</i>	<i>Against</i>	<i>Abstain*</i>
<b>740,500</b>	Annual General Meeting of M/s Sui Southern Gas Company Limited was held on October 28, 2016, for election of directors. The following persons were elected as directors: 1. Mr. Miftah Ismail 2. Mr. Furqan Bahadur Khan 3. Qazi Mohammad Saleem Siddiqui 4. Agha Sher Shah 5. Sardar Rizwan Kehar 6. Nawabzada Riaz Noshervani 7. Syed Ghazanfar Abbas Jilani 8. Mr. Mohammad Riaz Khan	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed**

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

**ENGRO**

<i>Holding</i>	<i>Resolution</i>	<i>For</i>	<i>Against</i>	<i>Abstain*</i>
<b>726,400</b>	Extraordinary General Meeting of M/s Engro Corporation Limited was held on August 05, 2016, below resolutions were passed:  1. Approval of the sale/disposal 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 Company and detailed**

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

**SNGP Jan 17**

<i>Holding</i>	<i>Resolution</i>	<i>For</i>	<i>Against</i>	<i>Abstain*</i>
<b>1,253,000</b>	Annual General Meeting of M/s Sui North Gas Pipelines Limited was held on January 26, 2017, below resolutions were passed:  1. The Audited Accounts of the Company for the year ended June 30, 2016. 2. Appoint A.F.Ferguson & Co., Chartered Accountants as Auditors of the company for the year ending June 30, 2017. 3. Amendment in Memorandum of Association of the Company.	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed**

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

**SNGP June 17****UBL Stock Advantage Fund**

<i>Holding</i>	<i>Resolution</i>	<i>For</i>	<i>Against</i>	<i>Abstain*</i>
<b>1,253,000</b>	Extraordinary General Meeting of M/s M/s Sui North Gas Pipelines Limited was held on June 20, 2017, for election of directors. The following persons were elected as directors::  1. Mr. Muhammad Saeed Mehdi 2. Mr. Mohammad Jalal Sikandar Sultan 3. Mr. Mohammad Amir Qawi 4. Qazi Mohammad Saleem Siddiqui 5. Mr. Mohammad Jehanzaib Khan 6. Mian Misbah-ur-Rehman 7. Mr. Sajjad Hussain 8. Mr. Ahmad Aqeel	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed**









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









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