

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



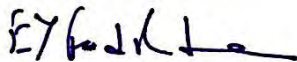
-: 4 :-

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date: 23 September 2019**

**Karachi**

**UBL DEDICATED EQUITY FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2019**

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	7	2,697	3,330
Investments	8	176,071	42,907
Dividend and mark-up receivable	9	1,190	95
Advance tax	10	42	29
Security deposit	11	2,500	2,500
Preliminary expenses and floatation costs	12	244	306
Receivable against sale of investments		428	-
<b>Total assets</b>		<b>183,172</b>	<b>49,167</b>
<b>LIABILITIES</b>			
Payable to the Management Company	13	606	2,937
Payable to the Trustee	14	38	10
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	15	156	5
Accrued and other liabilities	16	614	405
Payable against purchase of investments		175	-
<b>Total liabilities</b>		<b>1,589</b>	<b>3,357</b>
<b>NET ASSETS</b>		<b>181,583</b>	<b>45,810</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>181,583</b>	<b>45,810</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,244,682</b>	<b>466,825</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>80.8948</b>	<b>98.1306</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer

**UBL DEDICATED EQUITY FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2019**

		June 30, 2019	For the period from May 29, 2018 to June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>INCOME</b>			
Mark-up on bank account		992	37
Dividend income		7,142	278
Net unrealised (loss) / gain on revaluation of investments classified as 'at fair value through profit or loss '		(29,291)	104
Net (loss) / gain on sale of investments classified as 'at fair value through profit or loss '		(2,578)	672
<b>Total income</b>		<b>(23,735)</b>	<b>1,091</b>
<b>EXPENSES</b>			
Remuneration of the Management Company	13.1	3,278	95
Sales tax on management fee	13.2	426	12
Allocated expenses by the Management Company	13.3	164	5
Selling and marketing expenses	13.4	656	19
Remuneration of the Trustee	14.1	328	10
Sales tax on remuneration of the Trustee	14.2	43	1
Annual fee to SECP	15	156	5
Amortization of preliminary expenses and floatation costs	12	62	6
Brokerage expenses		528	33
Auditors' remuneration	19	320	232
Legal and professional charges		208	-
Custody and settlement charges		476	13
Bank charges and other expenses		46	3
<b>Total expenses</b>		<b>6,691</b>	<b>434</b>
<b>Net (loss) / income for the year from operating activities</b>		<b>(30,426)</b>	<b>657</b>
Provision for Sindh Workers' Welfare Fund (SWWF)	16.1	-	(13)
<b>Net (loss) / income for the year before taxation</b>		<b>(30,426)</b>	<b>644</b>
Taxation	20	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(30,426)</b>	<b>644</b>
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		-	644
Income already paid on units redeemed		-	(644)
		-	-
<i>Accounting income available for distribution</i>			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-
<b>Earnings per unit</b>	25.2		

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer



**UBL DEDICATED EQUITY FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019	For the period from May 29, 2018 to June 30, 2018
	----- (Rupees in '000) -----	
<b>Net (loss) / income for the year after taxation</b>	(30,426)	644
<b>Other comprehensive income</b>		
Net unrealised diminution on re-measurement of investments classified as 'other comprehensive income'	-	(788)
<b>Total comprehensive loss for the year</b>	<u>(30,426)</u>	<u>(144)</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
SD  
Director

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

**UBL DEDICATED EQUITY FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019	For the period from May 29, 2018 to June 30, 2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss / income for the year before taxation	(30,426)	644
<b>Adjustments for:</b>		
Mark-up on bank account	(992)	(37)
Net unrealised loss / (gain) on revaluation of investments classified as 'at fair value through profit or loss - held-for-trading'	29,291	(104)
Dividend income	(7,142)	(278)
Net loss / (gain) on sale of investments classified as 'fair value through profit and loss'	2,578	(672)
Amortization of preliminary expenses and floatation costs	62	6
Provision for Sindh Workers' Welfare Fund (SWWF)	-	13
	23,797	(1,072)
<b>(Increase) in assets</b>		
Investments	(165,033)	(42,919)
Security deposit	-	(2,500)
Receivable against sale of investment	(428)	-
Preliminary expenses and floatation costs	-	(312)
	(165,461)	(45,731)
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(2,331)	2,937
Payable to the Trustee	28	10
Annual fee payable to SECP	151	5
Payable against purchase of investments	175	-
Accrued and other liabilities	209	392
	(1,768)	3,344
Advance tax paid	(13)	(29)
Mark-up and dividend received	7,038	220
<b>Net cash used in operating activities</b>	(166,833)	(42,624)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipt from issuance of units	392,531	389,770
Net payment against redemption of units	(226,331)	(343,816)
<b>Net cash generated from financing activities</b>	166,200	45,954
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	(633)	3,330
Cash and cash equivalents at beginning of the year	3,330	-
<b>Cash and cash equivalents at end of the year</b>	2,697	3,330
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	2,697	3,330

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer

**UBL DEDICATED EQUITY FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019				For the period from May 29, 2018 to June 30, 2018			
	Capital value	Undistributed income	Unrealised appreciation on investments classified as 'available for sale' - net	Total	Capital value	Undistributed income	Unrealised appreciation on investments classified as 'available for sale' - net	Total
	(Rupees in '000)				(Rupees in '000)			
<b>Net assets at beginning of the year</b>	46,598	-	(788)	45,810	-	-	-	-
Reclassification under IFRS 9 (see note 4.1)		(788)	788					
Amount received on issuance of 4,299,037 units (May 29, 2018 to June 30, 2018: 3,945,960 units)								
Capital value	421,867	-	-	421,867	394,596	-	-	394,596
Element of income during the year:								
- Relating to other comprehensive income for the year	-	-	-	-	(4,810)	-	-	(4,810)
- Relating to net income for the year after taxation	(29,336)	-	-	(29,336)	(16)	-	-	(16)
	392,531	-	-	392,531	389,770	-	-	389,770
Amount paid on redemption of 2,521,180 units (May 29, 2018 to June 30, 2018: 3,479,135 units)								
Capital value	(247,405)	-	-	(247,405)	346,625	-	-	347,913
Element of income during the year:								
- Relating to other comprehensive income for the year	-	-	-	-	(3,530)	-	-	(3,530)
- Relating to net income for the year after taxation	21,074	-	-	21,074	77	(644)	-	(567)
	(226,331)	-	-	(226,331)	343,172	(644)	-	343,816
Total comprehensive loss / income for the year	-	(30,426)	-	(30,426)	-	644	(788)	(144)
Distribution during the year	-	-	-	-	-	-	-	-
Net income / (loss) for the year less distribution	-	(30,426)	-	(30,426)	-	644	(788)	(144)
<b>Net assets at end of the year</b>	<b>212,798</b>	<b>(31,214)</b>	<b>-</b>	<b>181,583</b>	<b>46,598</b>	<b>-</b>	<b>(788)</b>	<b>45,810</b>
<b>Undistributed income brought forward:</b>								
- Realised	-	-	-	-	-	-	-	-
- Unrealised	-	-	-	-	-	-	-	-
- Reclassification under IFRS 9 (see note 4.1)	-	(788)	-	(788)	-	-	-	-
	-	(788)	-	(788)	-	-	-	-
Accounting income available for distribution:								
- Relating to capital gains	-	-	-	-	-	-	-	-
- Excluding capital gains	-	-	-	-	-	-	-	-
Net loss / income for the year after taxation	-	(30,426)	-	(30,426)	-	-	-	-
Distribution during the year	-	-	-	-	-	-	-	-
<b>Undistributed income carried forward</b>	<b>-</b>	<b>(31,214)</b>	<b>-</b>	<b>(31,214)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Undistributed income carried forward</b>								
- Realised	-	(1,923)	-	(1,923)	-	-	-	-
- Unrealised	-	(29,291)	-	(29,291)	-	-	-	-
	-	(31,214)	-	(31,214)	-	-	-	-
	-- (Rupees) --				-- (Rupees) --			
<b>Net assets value per unit at beginning of the year</b>	<b>98.1306</b>				<b>Nil</b>			
<b>Net assets value per unit at end of the year</b>	<b>80.8948</b>				<b>98.1306</b>			

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

**SD**  
Chief Executive Officer

**SD**  
Director

**SD**  
Chief Financial Officer

**UBL DEDICATED EQUITY FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

- 1.1** UBL Dedicated Equity 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 the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on April 10, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 02, 2018 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund commenced its operations from May 29, 2018.
- 1.2** The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.3** The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for subscription on a continuous basis to the public. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.
- 1.4** The investment objective of the fund is to provide other 'Fund-of-Funds' schemes an avenue for investing in Equities.
- 1.5** JCR - VIS Credit Rating Company has reaffirmed management quality rating of AM1 on December 27, 2018.
- 1.6** Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

**2. STATEMENT OF COMPLIANCE**

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

**2.2 New / Revised Standards, Interpretations and Amendments**

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 15 – Revenue from Contracts with Customers

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)



## **New / Revised Standards, Interpretations and Amendments**

IFRS 9 Financial Instruments

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

## **Improvements to Accounting Standards Issued by the IASB in December 2016**

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements except for as disclosed in note 4.1

## **3. BASIS OF PREPARATION**

- 3.1** These financial statements have been prepared under the historical cost convention except for investments which are accounted for as stated in note 4.1.
- 3.2** These financial statements are presented in Pakistani Rupee which is the Fund's functional and presentation currency.

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years except as described in note 4.1.

### **Policy effective from July 01, 2018**

#### **Financial Instruments**

- 4.1** IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 01, 2018. A number of other new standards are effective from July 01, 2018 but they do not have a material effect on the Fund's financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

#### **Classification and measurement of financial assets and financial liabilities**

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 did not have a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

**A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:**

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**The following accounting policies apply to the subsequent measurement of financial assets:**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Profit / mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 01, 2018.

		<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39</b>	<b>Revised carrying amount under IFRS 9</b>
	<b>Note</b>			<b>----- (Rupees in '000) -----</b>	
Equity securities	(a)	Available for sale	FVTPL	<b>42,803</b>	<b>42,803</b>
Right shares	(b)	Held for Trading	FVTPL	<b>104</b>	<b>104</b>
Bank balances	(c)	Loans and receivables	Amortised cost	<b>3,330</b>	<b>3,330</b>
Deposits and other receivables	(c)	Loans and receivables	Amortised cost	<b>2,500</b>	<b>2,500</b>
Dividend, mark-up and other receivable	(c)	Loans and receivables	Amortised cost	<b>95</b>	<b>95</b>

(a) The Fund has not made an irrevocable election upon adoption of IFRS 9 to present in other comprehensive income subsequent changes in the fair value of investments in equity instruments under IFRS 9 and accordingly all investments in equity instruments have been classified as fair value through profit or loss (FVTPL).

(b) These financial assets classified as 'Held for trading ' have been classified as fair value through profit and loss (FVTPL)

(c) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

#### **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated October 24, 2012 will be followed

## **Transition**

The Fund has used the exemption not to restate comparative periods as allowed under IFRS 9 and the differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in opening retained earnings as at July 01, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets measured at FVTPL.

## **4.2 Policy till June 30, 2018**

Before July 01, 2018, the fund classified its investment in the following categories.

This category has two sub-categories, namely; financial instruments held-for-trading, and those designated at fair value through profit or loss upon initial recognition.

### **Investments at fair value through profit or loss**

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held-for-trading. All derivatives are classified as held-for-trading. These are initially recorded at cost.
- Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial measurement, investment classified as 'at fair value through profit or loss' are carried at fair value and the gains or losses on revaluation are recognized in the income statement.

### **Available-for-sale**

Investments which are not classified in the above category are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealized gains or losses recognized directly in the statement of comprehensive income until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recognized in the statement of comprehensive income is taken to the income statement.

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available-for-sale are valued as follows:

#### **a) Basis of valuation of equity securities**

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange. 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 from changes in fair value of available-for-sale financial assets are taken to the 'statement of comprehensive income' until these are derecognized or impaired. At this time, the cumulative gain or loss previously recognized directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Net gains and losses arising from changes in the fair value of financial assets carried at fair value through profit or loss are taken to the Income Statement.

## **Financial instruments**

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

## **Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognized amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## **Impairment**

Impairment loss on financial assets other than „available-for-sale“ investments is recognized in the Income Statement whenever carrying amount of financial asset exceeds its recoverable amount. If in the subsequent period, the amount of an impairment loss recognized decreases, the impairment is reversed through income statement.

In case of investment classified as „available-for-sale“, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for „available-for-sale“ financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement is removed from equity and recognized in the Income Statement.

### **4.3 Preliminary expenses and floatation costs**

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund as preliminary expenses and floatation costs which are to be amortized by the Fund over a period of five years commencing from May 29, 2018 in accordance with the Trust Deed and the NBFC Regulations.

### **4.4 Issuance and redemption of units**

Units are allocated at the offer price prevalent on the day on which applications for purchase of units are received (however, units are issued on the receipt of cash/ realization of cheques). The offer price represents the net asset value per unit at the end of the business day plus allowable sales load, if applicable. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit at the end of the business day less duties, taxes, charges on redemption and provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

### **4.5 Net assets value per unit**

The net assets value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the period end.

### **4.6 Taxation**

The Fund is exempt from taxation under clause 99 of Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realized and unrealized capital gains for the year is distributed amongst the Fund's unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **4.7 Revenue recognition**

Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.



Dividend income is recognized when the right to receive the dividend is established.

Unrealized gains / (losses) arising on revaluation of investments classified as 'at fair value through profit or loss' are included in Income Statement in the period in which they arise.

Mark-up on bank balances is recorded on accrual basis.

#### **4.8 Provisions**

A provision is recognized when the Fund has a legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are regularly reviewed and adjusted to reflect the current best estimates.

#### **4.9 Distribution to unit holders**

Distribution to unit holders is recognized when they are declared by the Board of Directors of the Management Company (BOD) in their meeting, or upon declaration and approval by the Chief Executive Officer on behalf of the BOD.

#### **4.10 Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances and are carried in statement of assets and liabilities at nominal values

### **5. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in note 4.1 respectively.

### **6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

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

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	January 01, 2019
IFRS 9 Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16 Leases	January 01, 2019

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IAS 1/ IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 - Insurance Contracts	January 01, 2021

		<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Note</b>		<b>(Rupees in '000)</b>	
<b>7. BANK BALANCES</b>			
Bank account - saving account	7.1	<u>2,697</u>	<u>3,330</u>
7.1	These carry mark- up at the rates ranging from 3.75% to 8% (June 30, 2018: 3.75%) per annum and includes a balance of Rs.2.68 (June 30, 2018: Rs.3.33) million held with United Bank Limited (a related party).		
<b>8. INVESTMENTS</b>			
<b>Investments by Category</b>			
<b>At fair value through profit or loss</b>			
- Equity securities - listed	8.1	<b>176,071</b>	-
- Right shares		-	104
<b>At Available for sale</b>			
- Equity securities - listed		<u>-</u>	<u>42,803</u>
		<u><b>176,071</b></u>	<u><b>42,907</b></u>

## 8.1 Equity securities classified as 'Fair value classified through profit and loss'

Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise

Name of Investee Company	Note	Number of shares						Balance as at June 30, 2019			Market value as a % of net assets	Market value as a % of total investments	Par value as percentage of total paid up capital of the investee company
		As at July 01, 2018	Reclassification to fair value through profit and loss (See note 4.1)	Purchased during the period	Bonus / right issue during the year	Sold during the period	As at June 30, 2019	Carrying value	Market value	(Diminution) / appreciation			
----- (Rupees in '000) -----													
<b>Cement</b>													
D.G.Khan Cement Company Limited	-	-	3,000	2,400	-	5,400	-	-	-	-	-	-	-
Kohat Cement Company Limited	-	-	16,000	66,890	4,050	2,500	84,440	7,211	4,436	(2,776)	2.44%	2.52%	0.04%
Lucky Cement Limited	-	-	2,100	26,908	-	18,500	10,508	4,779	3,998	(781)	2.20%	2.27%	0.00%
Pioneer Cement Limited	-	-	9,000	75,000	-	42,000	42,000	1,067	951	(116)	0.52%	0.54%	0.02%
Cherat Cement Company Limited	-	-	-	845	-	845	-	-	-	-	-	-	-
								<b>13,057</b>	<b>9,385</b>	<b>(3,673)</b>	<b>5.16%</b>	<b>5.33%</b>	<b>0.06%</b>
<b>Oil and gas exploration companies</b>													
Mari Petroleum Company Limited	-	-	2,500	10,084	234	720	12,098	16,782	12,211	(4,572)	6.72%	6.94%	0.01%
Oil and Gas Development Company Limited	8.1.1	-	14,400	83,168	-	10,200	87,368	12,680	11,488	(1,192)	6.33%	6.52%	0.00%
Pakistan Oilfields Limited	-	-	-	24,632	320	9,300	15,652	7,546	6,353	(1,193)	3.50%	3.61%	0.01%
Pakistan Petroleum Limited	-	-	12,900	64,118	945	34,200	43,763	7,425	6,321	(1,105)	3.48%	3.59%	0.00%
								<b>44,433</b>	<b>36,373</b>	<b>(8,062)</b>	<b>20.03%</b>	<b>20.66%</b>	<b>0.02%</b>
<b>Oil and gas marketing companies</b>													
Pakistan State Oil Company Limited	-	-	2,900	44,453	-	21,500	25,853	5,650	4,385	(1,264)	2.42%	2.49%	0.01%
								<b>5,650</b>	<b>4,385</b>	<b>(1,264)</b>	<b>2.42%</b>	<b>2.49%</b>	<b>0.01%</b>
<b>Food and personal care products</b>													
Al Shaheer Corporation Limited	-	-	20,000	40,050	-	30,500	29,550	750	372	(377)	0.21%	0.21%	0.02%
								<b>750</b>	<b>372</b>	<b>(377)</b>	<b>0.21%</b>	<b>0.21%</b>	<b>0.02%</b>
<b>Fertilizer</b>													
Engro Fertilizers Limited	8.1.1	-	21,500	48,818	-	39,500	30,818	2,349	1,971	(378)	1.09%	1.12%	0.00%
Engro Corporation Limited	-	-	10,600	44,158	3,465	28,400	29,823	8,245	7,921	(324)	4.36%	4.50%	0.01%
Fauji Fertilizer Company Limited	-	-	4,500	75,291	-	20,000	59,791	5,471	5,214	(257)	2.87%	2.96%	0.00%
Fauji Fertilizer Bin Qasim Limited	-	-	12,500	131,576	-	57,000	87,076	3,168	1,587	(1,580)	0.87%	0.90%	0.01%
								<b>19,233</b>	<b>16,693</b>	<b>(2,539)</b>	<b>9.19%</b>	<b>9.48%</b>	<b>0.02%</b>
<b>Chemicals</b>													
Engro Polymers and Chemicals Limited	-	-	20,000	138,775	11,838	23,000	147,613	4,594	3,980	(614)	2.19%	2.26%	0.02%
I.C.I. Pakistan Limited	-	-	-	1,069	-	1,019	50	31	27	(4)	0.01%	0.02%	0.00%
Lotte Chemical Pakistan Limited	-	-	-	21,000	-	21,000	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	-	-	-	13,100	-	-	13,100	4,398	4,007	(391)	2.21%	2.28%	0.06%
								<b>9,023</b>	<b>8,014</b>	<b>(1,009)</b>	<b>4.41%</b>	<b>4.55%</b>	<b>0.08%</b>
<b>Technology and communication</b>													
Systems Limited	-	-	10,000	39,000	4,250	12,100	41,150	3,958	4,007	48	2.21%	2.28%	0.03%
								<b>3,958</b>	<b>4,007</b>	<b>48</b>	<b>2.21%</b>	<b>2.28%</b>	<b>0.03%</b>
<b>Automobile parts and accessories</b>													
Thal Limited *	-	-	600	4,014	-	4,400	214	88	78	(10)	0.04%	0.04%	0.00%
								<b>88</b>	<b>78</b>	<b>(10)</b>	<b>0.04%</b>	<b>0.04%</b>	<b>0.00%</b>
<b>Leather and tanneries</b>													
Service Industries Limited	-	-	-	4,650	1,162	-	5,812	3,463	2,867	(596)	1.58%	1.63%	0.00%
								<b>3,463</b>	<b>2,867</b>	<b>(596)</b>	<b>1.58%</b>	<b>1.63%</b>	<b>0.00%</b>
<b>Automobile assembler</b>													
Honda Atlas Cars (Pakistan) Limited	-	-	-	6,164	-	6,164	-	-	-	-	-	-	-
								<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Engineering</b>													
Aisha Steel Mills Limited	-	-	21,000	-	-	21,000	-	-	-	-	-	-	-
International Steels Limited	-	-	7,000	27,442	-	34,442	-	-	-	-	-	-	-
International Industries Limited	-	-	-	11,300	-	6,100	5,200	915	401	(514)	0.22%	0.23%	0.00%
								<b>915</b>	<b>401</b>	<b>(514)</b>	<b>0.22%</b>	<b>0.23%</b>	<b>0.00%</b>

Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise

Name of Investee Company	Note	As at July 01, 2018	Number of shares					Balance as at June 30, 2019			Market value as a % of net assets	Market value as a % of total investments	Par Value as percentage of total paid up capital of the investee company	
			Reclassification to fair value through profit and loss (See note 4.1)	Purchased during the period	Bonus / right issue during the year	Sold during the period	As at June 30, 2019	Carrying value	Market value	Appreciation / (diminution)				
----- (Rupees in '000) -----														
Insurance														
Adamjee Insurance Company Limited		-	23,500	168,985	-	-	192,485	8,417	6,747	(1,671)	3.72%	3.83%	0.05%	
								8,417	6,747	(1,671)	3.72%	3.83%	0.05%	
Commercial banks														
Allied Bank Limited		-	36,500	99,174	-	26,000	109,674	11,008	11,518	510	6.34%	6.54%	0.01%	
Bank Alfalah Limited		-	44,000	379,611	5,350	119,000	309,961	14,655	13,511	(1,144)	7.44%	7.67%	0.02%	
Faysal Bank Limited		-	35,000	16,586	-	51,500	86	2	2	-	0.00%	0.00%	0.00%	
Habib Bank Limited	8.1.1	-	17,000	172,301	-	55,800	133,501	17,919	15,120	(2,798)	8.33%	8.59%	0.01%	
United Bank Limited		-	13,000	164,009	-	69,800	107,209	15,510	15,800	291	8.70%	8.97%	0.01%	
Bank AL Habib Limited		-	-	35,000	-	35,000	-	-	-	-	-	-	-	
MCB Bank Limited		-	-	15,714	-	15,714	-	-	-	-	-	-	-	
National Bank of Pakistan		-	-	37,174	-	36,000	1,174	56	40	(16)	0.02%	0.02%	0.00%	
								59,150	55,991	(3,157)	30.83%	31.80%	0.04%	
Textile composite														
Nishat Mills Limited		-	9,700	44,490	-	15,300	38,890	5,049	3,630	(1,419)	2.00%	2.06%	0.01%	
Gul Ahmed Textile Mills Limited		-	20,000	111,879	-	62,000	69,879	3,261	3,293	31	1.81%	1.87%	0.02%	
Kohinoor Textile Mills Limited		-	-	3,636	-	-	3,636	171	91	(80)	0.05%	0.05%	0.00%	
								8,481	7,014	(1,468)	3.86%	3.98%	0.03%	
Power generation and distribution														
The Hub Power Company Limited		-	39,500	173,580	17,250	69,000	161,330	13,148	12,705	(444)	7.00%	7.22%	0.01%	
Pakgen Power Limited		-	25,000	121,165	-	-	146,165	2,496	2,073	(424)	1.14%	1.18%	0.04%	
K-Electric Limited **		-	75,000	251,453	-	185,500	140,953	825	619	(206)	0.34%	0.35%	0.00%	
Lalpir Power Limited		-	-	21,357	-	-	21,357	348	278	(70)	0.15%	0.16%	0.01%	
Saif Power Limited		-	-	70,684	-	6,000	64,684	1,644	1,213	(431)	0.67%	0.69%	0.02%	
								18,461	16,888	(1,575)	9.30%	9.60%	0.075%	
Paper and board														
Century Paper & Board Mills Limited		-	-	60,711	-	4,500	56,211	2,908	1,750	(1,158)	0.96%	0.99%	0.04%	
Packages Limited		-	-	6,900	-	1,900	5,000	1,960	1,503	(457)	0.83%	0.85%	0.01%	
Synthetic Products Enterprises Limited		-	-	85,000	-	-	85,000	2,839	1,886	(953)	1.04%	1.07%		
								7,707	5,139	(2,568)	2.83%	2.91%	0.04%	
Pharmaceuticals														
The Searle Company Limited		-	-	11,618	92	5,100	6,610	1,438	969	(469)	0.53%	0.55%	0.00%	
Ferozsons Laboratories Limited		-	-	16,500	-	9,800	6,700	1,138	749	(389)	0.41%	0.43%	0.00%	
								2,576	1,718	(858)	0.94%	0.98%	0.00%	
Total as at June 30, 2019								205,363	176,071	(29,291)				

\* These have a face value of Rs.5 per share.

\*\* These have a face value of Rs.3.5 per share.

8.1.1 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin:

	June 30, 2019	
	(Number of shares)	(Rupees in '000)
Oil & Gas Development Company Limited	14,400	1,893
Engro Fertilizers Limited	14,000	896
Habib Bank Limited	9,000	1,019
	<b>37,400</b>	<b>3,808</b>

8.1.2 Disclosure of excess exposure as at June 30, 2019

Sector	Exposure type	% of Net Assets	Limit	Excess / (short)
Commercial banks	Sector	30.83%	30%	0.83%



		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>9. DIVIDEND AND MARK-UP RECEIVABLE</b>			
Dividend receivable		610	58
Mark-up receivable on bank account	9.1	580	37
		<u>1,190</u>	<u>95</u>

9.1 This includes receivable of Rs.0.57 (2018: Rs.0.037) million on balances maintained with United Bank Limited (a related party).

#### 10. 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 and 151 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same shall be refunded after filing Income Tax Return for Tax Year 2019.

#### 11. SECURITY DEPOSIT

Deposit with National Clearing Company of Pakistan Limited (NCCPL)	<u>2,500</u>	<u>2,500</u>
--	--------------	--------------

#### 12. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	12.1	306	312
Amortization during the year		(62)	(6)
		<u>244</u>	<u>306</u>

12.1 This represents all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund which will be amortized by the Fund over a period of five years commencing from May 29, 2018 in accordance with the Trust Deed and the NBFC Regulations.

#### 13. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	13.1	335	86
Sales tax on remuneration payable	13.2	44	11
Allocated expenses payable	13.3	17	5
Selling and marketing expenses payable	13.4	210	19
Others		-	2,816
		<u>606</u>	<u>2,937</u>

13.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the amended NBFC Regulations dated November 25, 2015, of an amount not exceeding 2 percent of the average daily net assets of the Fund. The Management Company charged remuneration at the rate of 2 percent per annum of the average daily net assets of the Fund.

13.2 Sales tax on the management remuneration has been charged at the rate of 13% (2018: 13%)

13.3 As per regulation 60(3)(s) of 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 a fee at the rate of 0.1% of the average annual net assets, being lower.

13.4 SECP vide Circular No. 40 of 2016 dated December 30, 2016, has allowed Asset Management Companies to charge Selling and Marketing expenses to its CIS's 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% on daily net assets of the Fund, being the lower amount.

#### 14. PAYABLE TO THE TRUSTEE

Remuneration payable	14.1	34	9
Sales tax on remuneration payable	14.2	4	1
		<u>38</u>	<u>10</u>

14.1 The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee 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, 2019 is as follows:

Net assets	Tariff per annum
Up to Rs.1,000 million	Rs.0.7 million or 0.20% p.a. of net assets of the Fund, whichever is higher
On an amount exceeding Rs.1,000 million	Rs.2.00 million plus 0.10% p.a. of net assets of the Fund, on amount exceeding Rs.1,000 million

14.2 Sales tax on the trustee remuneration has been charged at the rate of 13% (2018: 13%)

#### 15. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Fund is required to pay to SECP an amount equal to 0.095% of the average daily net assets of the Fund.

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>16. ACCRUED AND OTHER LIABILITIES</b>			
Auditors' remuneration		215	232
Provision for Sindh Workers' Welfare Fund (SWWF)	16.1	13	13
Brokerage payable		272	160
Legal and professional charges		94	-
Listing fee payable		20	-
		<u>614</u>	<u>405</u>

**16.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015). Had the provision for SWWF not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2019 would have been higher by Re.0.01 (June 2018: Re.0.03) per unit. The Fund has an accounting loss for the year; therefore, no provision for SWWF has been made in these financial statements.

## 17. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 4.08% as on June 30, 2019 and this includes 0.44% representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio, after excluding the Government Levy, Sindh Worker's Welfare Fund and SECP fee is within the maximum limit of 4% prescribed under the NBFC Regulation 60(5) for a collective investment scheme categorised as an equity scheme.

## 18. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2019 (June 20, 2018: Nil)

## 19. AUDITORS' REMUNERATION

Annual audit fee	155	145
Half yearly review fee	54	-
Other certification and services	41	70
	<u>250</u>	<u>215</u>
Sales tax	20	17
Out of pocket	50	-
	<u>320</u>	<u>232</u>

## 20. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed 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. Since the Fund has incurred a net loss during the year, no provision for taxation has been made in these annual financial statements.

## 21. TRANSACTIONS AND BALANCES OUTSTANDING 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 Financial Services (Private) Limited, being entity under the common management or directorship, Central Depository Company of Pakistan Limited as trustee of the Fund, the directors key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules, NBFC Regulations and constitutive documents of the Fund respectively.

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

	Management company	Associated companies	Trustee	Funds under common management (Rupees in '000)	Directors and key executives	Other connected persons / related parties
<b>For the year ended June 30, 2019</b>						
<b>Transactions during the year</b>						
Mark-up on bank account	-	989	-	-	-	-
Bank charges	-	24	-	-	-	-
Units issued	-	-	-	242,915	-	-
Units redeemed	-	-	-	117,399	-	-
Central Depository Service expenses (CDS)	-	-	27	-	-	-
Remuneration *	3,704	-	371	-	-	-
Allocated expenses by the Management Company	164	-	-	-	-	-
Selling and marketing expense	656	-	-	-	-	-
Purchase of securities	-	23,426	-	-	-	-
Sale of securities	-	10,036	-	-	-	-
Listing fee	-	-	-	-	-	20
<b>As at June 30, 2019</b>						
<b>Balances held</b>						
Units held (units in '000)	-	-	-	1,817	-	-
Units held (Rupees in '000)	-	-	-	146,981	-	-
Bank balances	-	2,684	-	-	-	-
Remuneration payable	379	-	38	-	-	-
Other payable	-	-	-	-	-	-
Selling and marketing expenses payable	210	-	-	-	-	-
Mark-up receivable	-	580	-	-	-	-
Allocated expenses payable	17	-	-	-	-	-
Investments	-	15,800	-	-	-	-
<b>For the period from May 29, 2018 to June 30, 2018</b>						
<b>Transactions during the year</b>						
Mark-up on bank account	-	37	-	-	-	-
Bank charges	-	3	-	-	-	-
Units issued	-	-	-	389,770	-	-
Units redeemed	-	-	-	343,817	-	-
Central Depository Service expenses (CDS)	-	-	2	-	-	-
Remuneration *	107	-	11	-	-	-
Allocated expenses by the Management Company	5	-	-	-	-	-
<b>As at June 30, 2018</b>						
<b>Balances held</b>						
Units held (units in '000)	-	-	-	467	-	-
Units held (Rupees in '000)	-	-	-	45,810	-	-
Bank balances	-	3,330	-	-	-	-
Remuneration payable	97	-	10	-	-	-
Other payable	2,816	-	-	-	-	-
Selling and marketing expenses payable	19	-	-	-	-	-
Mark-up receivable	-	37	-	-	-	-
Allocated expenses payable	5	-	-	-	-	-

\* Remuneration for the year is inclusive of sales tax.

## 22. FINANCIAL RISK MANAGEMENT

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

### 22.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity security prices.

#### (i) Interest rate risk

Interest rate risk the risk that the fair value of future cashflows of a financial instrument will fluctuate because of the changes in the market interest rates.

**a) Sensitivity analysis of variable rate instruments**

Presently, the Fund does not hold any variable profit based investment except balances with banks in deposit account exposing the Fund to cash flow profit rate risk. The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.0.03 (2018: Rs.0.03) million.

**b) Sensitivity analysis of fixed rate instruments**

As at June 30, 2019, the Fund does not hold any fixed rate instruments and is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

June 30, 2019					
Interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Up to three months	More than three months	More than one year		
		(Rupees in '000)			
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Investments classified as:					
At fair value through profit or loss -					
- Listed equity securities	-	-	-	176,071	176,071
Bank balances	3.75 - 8%	2,697	-	-	2,697
Dividend and mark-up receivable		-	-	1,190	1,190
Security deposit		-	-	2,500	2,500
		<u>2,697</u>	<u>-</u>	<u>179,761</u>	<u>6,387</u>
<b>Financial liabilities</b>					
Payable to the Management					
Company		-	-	562	562
Payable to the Trustee		-	-	34	34
Accrued and other liabilities		-	-	467	467
		<u>-</u>	<u>-</u>	<u>1,063</u>	<u>1,063</u>
<b>On-balance sheet gap</b>		<u>2,697</u>	<u>-</u>	<u>178,698</u>	<u>5,324</u>

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2019

June 30, 2018					
Interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Up to three months	More than			
		three months	More than one year		
(Rupees in '000)					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Investments classified as:					
Available for sale -					
- Listed equity securities	3.75	-	-	42,803	42,803
Bank balances		3,330	-	-	3,330
Dividend and mark-up receivable		-	-	95	95
Security deposit		-	-	2,500	2,500
		<u>3,330</u>	<u>-</u>	<u>45,398</u>	<u>48,728</u>
<b>Financial liabilities</b>					
Payable to the Management					
Company		-	-	2,926	2,926
Payable to the Trustee		-	-	9	9
Accrued and other liabilities		-	-	375	375
		<u>-</u>	<u>-</u>	<u>3,310</u>	<u>3,310</u>
<b>On-balance sheet gap</b>		<u>3,330</u>	<u>-</u>	<u>42,088</u>	<u>45,418</u>

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2018



(ii) **Foreign currency risk**

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

(iii) **Equity price risk**

Equity price risk is the risk of unfavorable changes in the fair value of equity securities. The equity price risk exposure arises from the Fund's investments in equity securities for which prices in the future are uncertain. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC regulations.

The Fund manages the risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund with overall limit of 30% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations). The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation.

Details of the Fund's investment in industrial / economic sector are given in note 8.

The following table illustrates the sensitivity of the income for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each Statement of Assets and Liabilities date, with all other variables held constant.

	June 30, 2019	June 30, 2018
	(Rupees in '000)	
Income statement	8,804	2,145
Unit holders' fund	8,804	2,145

**22.3 Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request 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. The Fund did not withhold any significant redemption during the year. Further, the Fund also has the ability to suspend redemption of units with approval of Board of Directors of the Management Company in extraordinary circumstances.

The table below summarizes the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining year at the end of the reporting year to the contractual maturity date.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
<b>June 30, 2019</b>					
<b>Financial liabilities</b>					
Payable to the Management Company	562	-	-	-	562
Payable to the Trustee	34	-	-	-	34
Payable against purchase of investments	175	-	-	-	
Accrued and other liabilities	272	195	-	-	467
<b>Total liabilities</b>	<b>1,043</b>	<b>195</b>	<b>-</b>	<b>-</b>	<b>1,063</b>
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
<b>June 30, 2018</b>					
<b>Financial liabilities</b>					
Payable to the Management Company	2,926	-	-	-	2,926
Payable to the Trustee	9	-	-	-	9
Payable against purchase of investments	-	-	-	-	
Accrued and other liabilities	160	215	-	-	375
<b>Total liabilities</b>	<b>3,095</b>	<b>215</b>	<b>-</b>	<b>-</b>	<b>3,310</b>

## 22.4 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk as at June 30, 2019:

	June 30, 2019 (Rupees in '000)	June 30, 2018
Bank balances	2,697	3,330
Dividend and mark-up receivable	1,190	95
Security deposit	2,500	2,500
Receivable against sale of investments	434	-

All deposits with bank and NCCPL are highly rated and risk of default is considered minimal.

The analysis below summarizes the credit quality of the Fund's bank balances as on June 30, 2019:

	June 30, 2019 ----- (%) -----	June 30, 2018
<b>Rating by Rating Category</b>		
AAA	99.5	100
AA- to AA+	0.5	-
<b>Total</b>	<b>100</b>	<b>100</b>

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

## 22.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

## 22.6 Unit holders' fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

## 23. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has no effect on these financial statements.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

The table below analyse financial instruments measured at the end of the period by the level in the fair value hierarchy into which the fair value measurement is categorised:

		June 30, 2019			
		Fair value			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Financial assets measured at fair value	Equity securities - listed	176,071	-	-	176,071
		176,071	-	-	176,071
		June 30, 2018			
		Fair value			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Financial assets measured at fair value	Equity securities - listed	42,907	-	-	42,907
		42,907	-	-	42,907

## 24. SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

## 25. GENERAL

**25.1** Figures have been rounded off to the nearest thousand rupee.

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

## 26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on 30-AUG-2019.

For UBL Fund Managers Limited  
(Management Company)

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer

**SUPPLEMENTARY NON-FINANCIAL INFORMATION**  
**AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J)**  
**OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES**  
**AND NOTIFIED ENTITIES REGULATIONS, 2008**

(i) **PATTERN OF UNIT HOLDING**

Category	Number of unit holders	Number of units held	% of total
Individuals	2	196,231	9%
NBFC	3	1,816,947	81%
Others	3	115,445	5%
Public limited companies	1	64,765	3%
Retirement funds	1	51,294	2%
	<b>10</b>	<b>2,244,682</b>	<b>100%</b>

(ii) **TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID**

Name	%
JS Global Capital Limited	15.58
Multiline Securities (Pvt) Limited	7.84
Foundation Securities (Private) Limited	7.17
Vector Securities (Pvt) Limited	5.76
Pearl Securities Limited	5.12
Shajar Capital Pakistan	4.23
Optimus Capital Management (Pvt) Limited	4.03
Topline Securities (Pvt) Limited	3.98
Alfalsh Securities (Pvt) Limited	3.96
IGI Finex Securities Limited	3.36

(iii) **THE MEMBERS OF THE INVESTMENT COMMITTEE**

Investment Committee				
S.No	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	23	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	17.74	MBA, CFA
3	Muhammad Waseem	Acting Head of Research	5.14	BBA
4	Hadi Hassan Mukhi	Head of Risk Management, Compliance, Information Security and Quality Assurance	18.91	B.Com
5	Asim Wahab Khan	Head of Investment Strategy & Equities	13.45	MBA, CFA
6	Usama Bin Razi	Head of Fixed Income Funds	15.46	MBA
7	Mubashir Anis	Fund Manager Equity	6.9	BSC, CFA
8	Syed Shabbir Sardar Zaidi	Fund Manager and Senior Analyst	7.13	M.A.S, CFA
9	Syed Sheeraz Ali	Fund Manager and Senior Analyst	9.48	BS
10	Irfan Nepal	Chief Dealer and Fund Manager	24.87	EMBA

**OTHER FUNDS MANAGED BY THE FUND MANAGER**

UBL Financial Sector Fund  
UBL Stock Advantage Fund

**(iv) MEETING OF THE DIRECTORS**

Following is the analysis of the attendance in the meetings of the Board of Directors of the Management Company during the year:

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

	August 28, 2018	October 26, 2018	November 08, 2018	December 11, 2018	February 27, 2019	April 29, 2019	May 06, 2019	Total meetings attended
<b>Directors:</b>								
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	✓	7
Mirza Muhammad Sadeed Hassan Barlas*	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Mr. Imran Sarwar**	N/A	N/A	✓	✓	x	✓	✓	4
Mr. Tauqeer Mazhar**	N/A	N/A	✓	✓	x	x	✓	3
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	✓	7
Mr. Zia Ijaz*	x	N/A	N/A	N/A	N/A	N/A	N/A	0
Mr. Sharjeel Shahid*	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Ms. Naz Khan	✓	✓	✓	✓	✓	✓	✓	7
Ms. Sadia Saeed**	N/A	N/A	✓	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	x	✓	✓	✓	6
<b>Key Executives:</b>								
S.M. Aly Osman	✓	✓	✓	✓	✓	✓	✓	7
Umair Ahmed	✓	✓	✓	✓	✓	✓	✓	7

\* Mr. Zia Ijaz, Mirza M. Sadeed Barlas & Mr. Sharjeel Shahid resigned on October 09, 2018

\*\* Mr. Tauqeer Mazhar, Ms. Sadia Saeed & Mr. Imran Sarwar appointed as of November 02, 2018

✓ Present  
x Absent  
N/A Not Applicable

**(v) RATING OF THE FUND AND THE MANAGEMENT COMPANY**

JCR - VIS Credit Rating Company has reaffirmed management quality rating of AM1 on December 27, 2018.

### UBL Dedicated Equity Fund

Holding	Resolution	For	Against	Abstain*
192,485	<p><i>Annual General Meeting of M/s Adamjee Insurance Comamy Limited was held on May 28, 2019, for election of directors. The following persons were elected as directors:</i></p> <p><i>1. Mr. Ibrahim Shamsi</i>  <i>2. Mr. Irwan I'laqbool</i>  <i>3. Mr. Muhammad Anees</i>  <i>4. Mr. Muhammad Arif Hameed</i>  <i>5. Ms. Sadia Younas I'vansha</i>  <i>6. Mr. Shaikh i'vhammad Jawed</i>  <i>7. Mr. Umer Mansha</i></p>	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.**

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

Holding	Resolution	For	Against	Abstain*
192,485	<p><b>Annual General Meeting held on 29th April 2019</b> <span style="float: right;"><i>To receive, consider and</i></span>  <i>adopt the Standalone and Consolidated Audited Financial Statements of the Company</i>  <i>for the year ended December 31, 2018, Directors' and Auditors' reports thereon and the Chairman's Review</i>  <i>Report. 2. To declare and approve, as recommended by the directors, the payment of final cash dividend of Rs. 1.50 per</i>  <i>share i.e. @ 15% in addition to 10% interim cash dividend already declared and paid i.e., total 25% for the</i>  <i>year ended December 31, 2018.</i>  <i>3. To appoint auditors and fix their remuneration. The members are hereby notified that the Board of Directors</i>  <i>and the Audit Committee have recommended the name of M/s Deloitte Yousuf Adil &amp; Co. Chartered</i>  <i>Accountants for appointment as auditors of the Company in place of retiring auditors, M/s KPMG Taseer Hadi</i>  <i>&amp; Co. Chartered Accountants after completion of five years.</i>  <i>4. To consider and if thought fit, to pass the following resolution as special resolution with or without</i>  <i>modification(s), addition(s) or deletion(s).</i>  <b>RESOLVED THAT</b> <i>"the validity of special resolution passed in the Extraordinary General Meeting of the</i>  <i>Company held on May 28, 2016 for investment of up to Rs. 625 million for purchase of 5,000,000 ordinary</i>  <i>shares of Nishat Mills Limited, an associated company be and is hereby extended for further three years till</i>  <i>May 28, 2022 to allow the Company to make balance investment till May 28, 2022 with other terms and</i>  <i>conditions of the investment to remain unchanged".</i>  <b>RESOLVED FURTHER THAT</b> <i>"the Chief Executive and/or Company Secretary (the "Authorized Officers")</i>  <i>of the Company be and are hereby authorized and empowered on behalf of the Company to take all steps and</i>  <i>actions necessary, ancillary and incidental for making the investment(s) in Nishat Mills Limited and sign,</i>  <i>execute and amend such documents, papers, instruments etc., as may be necessary or expedient for the purpose</i>  <i>of giving effect to the spirit and intent of the aforesaid resolution".</i></p>	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.**

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

<b>Holding</b>	<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain*</b>
192,485	<p>Extra ordinary general meeting held on 25 February 2019</p> <p>“RESOLVED, by way of a special resolution in terms of Section 199 of the Companies Act, 2017, and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, that Adamjee Insurance Company Limited (the “Company”) be and is hereby authorized to invest up to a further PKR 401,200,515/- (Rupees Four Hundred and One Million Two hundred Thousands Five Hundred and Fifteen Only) In Adamjee Life Assurance Company Limited by acquiring its 24,059,855 ordinary shares of par value Rs. 10/- each at a purchase price of approximately PKR 16.68/- per share from IVM Intersurer B.V. and its three nominee directors, subject to fulfillment of all applicable legal and regulatory requirements.”</p> <p>“FURTHER RESOLVED, that each of the Chief Executive Officer, the Chief Financial Officer, or the Company Secretary of the company, acting singly, be and is hereby empowered and authorized to act on behalf of the Company in signing any or all documents, instruments, and agreements, and in doing and performing any or all acts, matters, deeds and things, and in taking any or other all necessary actions, to implement and/or give effect to the foregoing resolution, including but not limited to procuring authorizations or permissions from statutory or regulatory bodies of competent jurisdictions, and in completing or submitting any or all applications, reports, letters, documents or all other formalities as may be necessary, incidental, or expedient in this regard.”</p>	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.**

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

<b>Holding</b>	<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain*</b>
142,701	<p>1. To receive, consider and adopt the Audited Accounts (consolidated and unconsolidated) of the Bank for the year ended December 31, 2018, together with the Reports of the Directors and Auditors thereon.</p> <p>2. To appoint Auditors for a term ending at the conclusion of the next Annual General Meeting at a fee of Rs. 25,954 million. In addition any Federal or Provincial taxes and reimbursements of out of pocket expenses will be paid at actuals. The retiring Auditors, A. F. Ferguson &amp; Co., Chartered Accountants, being eligible, have offered themselves for reappointment.</p> <p>3. To approve payment of a Final Cash Dividend of Rs. 1.25 per share, i.e. 12.5%, as recommended by the Directors to Shareholders as at close of business on March 19, 2019, which, Final Cash Dividend is in addition to the 30% Interim Cash Dividend (i.e. Rs. 3 per share) already paid.</p>	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.**

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

Holding	Resolution	For	Against	Abstain*
154,201	<p>To consider issue of fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative, contingent convertible, privately placed (subsequently listed) Additional Tier 1 (ADT-1) capital eligible Term Finance Certificates (TFC's) of up to Rs. 15 billion (inclusive of a green show option of Rs. 5 billion) for Capital Adequacy Ratio (CAR) purposes. In this regard, consider and pass the following resolutions as Special Resolutions, with or without modifications.</p> <p>"RESOLVED that, the issue of fully paid-up, rated, privately placed and subsequently listed, unsecured, subordinated, non-cumulative and contingent convertible Term Finance Certificates in aggregate of up to PKR 15 billion, in a single or multiple issues of redeemable capital, with or without green show options of up to PKR 5 Billion be and is hereby approved subject to all regulatory approvals.</p> <p>"Further Resolved that, President &amp; CEO, Chief Financial Officer, Head Corporate &amp; Investment Banking and Company Secretary are hereby jointly (any two) authorized to take all necessary steps and to do or cause to be done all such acts, deeds and things that maybe necessary for the issue of Term Finance Certificates on the Pakistan Stock Exchange and all other related and / or ancillary formalities and to take such other steps, execute such other documents and make such corporate filings as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the above resolution."</p> <p>The information as required under section 134(3) of the companies Act 2017 is being provided along with the Notice of the Extraordinary General Meeting being sent to the shareholders.</p>	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.**

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

Holding	Resolution	For	Against	Abstain*
13,100	<p>ORDINARY BUSINESS:</p> <p>1. To confirm the minutes of Annual General Meeting of the Company held on Saturday, October 27, 2018.</p> <p>2. To elect Seven (07) Directors of the Company as fixed by the Board of Directors of the Company under Section 159 of the Companies Act, 2017 for the term of three (03) years</p> <ul style="list-style-type: none"> <li>Pursuant to Section 159 (1) and 2(a) of the Companies Act 2017, the Directors through a resolution passed in the Board of Directors meeting held on April 23, 2019 have fixed the number of Directors as seven (07)</li> <li>Pursuant to section 159(2)(b) of the Companies Act, 2017 name of the retiring Directors are: <ul style="list-style-type: none"> <li>1. Mr. Muhammad Adrees</li> <li>2. Mr Haseeb Ahmad</li> <li>3. Mr. Muhammad Khalil</li> <li>4. Mr. Muneeb ul Haq</li> <li>5. Mr. Waheed Akhter Sher</li> <li>6. Mr. Abdul Awal</li> <li>7. Mr. Ahmad Nawaz</li> </ul> </li> </ul> <p>3. To transact any other business with the permission of the Chair.</p>	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.**

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



Holding	Resolution	For	Against	Abstain*
128,609	<p>Notice is hereby given that the 60th Annual General Meeting ("AGM") of the Shareholders of United Bank Limited (the "Bank" or "UBL") will be held on Tuesday, 28 March 2019 at 09:30 a.m. at Islamabad Marriot Hotel, Islamabad to transact the following business:</p> <p>Ordinary Business:</p> <ol style="list-style-type: none"> <li>To confirm the minutes of the 59th Annual General Meeting held on 31 March 2018.</li> <li>To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and Unconsolidated), statement of compliance with Listed Companies (code Of Corporate Governance) Regulations, 2017 of the Bank for the year ended 31 December 2018 together with the Directors report and Auditors' reports thereon.</li> <li>To consider, and if thought fit, approve and declare as recommended by the Board of Directors, final cash dividend at the rate of Rs. 3/- per share i.e. 30% in addition to 80% interim dividend already declared/paid for the year ended 31 December 2018.</li> <li>To consider, and thought fit, appoint single External Auditors to hold the office from this AGM till the conclusion of the next AGM of the Bank and to fix their remuneration. The retiring External Auditors namely, M/s A.F. Ferguson &amp; Company, Chartered Accountants have consented to be so appointed and the Board of Directors has recommended its appointment.</li> </ol> <p>Special Business:</p> <ol style="list-style-type: none"> <li>To consider, and if thought fit, approve/ratify the revision of the amount of remuneration paid/to be paid to the Non-Executive Directors of the Bank for attending the Board and/or Committees meetings and in that connection to pass the following resolutions, as ordinary resolutions, with or without modification, addition or deletion:  "Resolved that USD 12,500/- will be paid to each Non-Executive Member of the Board of Directors of UBL including Chairman upon their attending per set of meetings which includes Board meeting and / or Committee(s) meeting(s), as well as meetings of Special Committees of the Board, provided all the meetings are held consecutively before or after the regular Board meeting.  FURTHER RESOLVED that if a meeting of some special Committee of the Board is held at a place and time other than the regular Board meeting, then a fee of USD 5,000/- will be paid separately to each member of the Special Committee upon their attending the meeting.  AND FURTHER RESOLVED that the following Daily Allowance will be paid to each Non-Executive Member of the Board of Directors of UBL including Chairman upon attending per set of meetings which includes Board meeting and / or Committee(s) meeting(s), as well as meetings of Special Committees of the Board:  A. Where UBL makes boarding and lodging arrangements in respect of the above meetings:  i. If the meeting is held in Pakistan: PKR 5,000/- per day per person for maximum 03 days  ii. If meeting is held outside of Pakistan: USD 250/- per day per person for maximum 03 days  B. Where Directors make their own boarding and lodging arrangements in respect of the above meetings:  i. If the meeting is held in Pakistan: PKR 10,000/- per day per person for maximum 03 days  ii. If meeting is held outside of Pakistan: USD 750/- per day per person for maximum 03 days  AND FURTHER RESOLVED that the travelling expenses in respect of per set of meetings which includes Board meeting and/ or Committee(s) will be done by the Bank in Business Class of any airline for each Non-Executive Member of Board of Directors including Chairman for their attending the above meetings.  AND FURTHER RESOLVED that the remuneration paid to the Non-Executive Directors of UBL including the Chairman during the year 2018, for attending the Board and / or Committees meetings as disclosed in the Note 41 of the Audited Financial Statements of the Bank for the year ended 31 December 2018, be and is hereby confirmed and approved on post facto basis."</li> <li>To consider and, if thought fit, approve transaction of asset and liability sale of UBL Bank (Tanzania) Limited to EXIM Bank Tanzania Limited, as approved and recommended by the Board of Directors of UBL, and pass the following resolutions, as special resolutions, with or without modification, addition or deletion:  "RESOLVED that the binding letter of intent received from EXIM Bank Tanzania Limited for an asset and liability sale of UBL Bank (Tanzania) Limited for TZs 9.1B (equal to \$3.96m) be and is hereby accepted. (The said price is subjected to adjustment on the closing date of the transaction)  FURTHER RESOLVED that the Board of Directors of UBL be and are hereby authorized to complete all the related regulatory, legal and other formalities of this transaction and to further authorize persons to deal and negotiate, execute and implement the transaction with the parties involved.  AND FURTHER RESOLVED that the Board of Directors be and hereby authorized to initiate and complete the process for the winding up of UBL Bank (Tanzania) Limited subsequent to the consummation of this transaction."</li> <li>To transact any other business with the permission of the Chairman  A Statement of Material Facts covering the above mentioned Special Business, as required under Section 134(3) of the Companies Act, 201 and Statement of Material Facts covering the sale of the assets and liabilities of UBL Bank (Tanzania) Limited as required under S.R.O. 423 (I)/2018 dated 3 April 2018 is being sent to the members with the Notice AGM. Proxy forms in English and Urdu are also being sent to the members along with the Annual Report.</li> </ol>	✓		

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.**

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

# UFSF

## UBL Financial Sector Fund

### INVESTMENT OBJECTIVE

The objective is to provide investors long-term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential preferably in the Financial Sector.

<b>Management Company</b>	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>	BDO Ebrahim & Co., Chartered Accountants
<b>Bankers</b>	Allied Bank Limited United Bank Limited Soneri Bank Limited
<b>Management Co. Rating</b>	AM1 (JCR-VIS)

## Fund Manager's Report – UBL Financial Sector Fund (UFSF)

- i) **Description of the Collective Investment Scheme category and type**  
Equity / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**  
The objective is to provide investors long-term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential preferably in the Financial Sector.
- 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'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
UFSF	3.95%	-5.37%	-1.25%	0.05%	-1.63%	-8.55%	12.39%	-3.37%	-0.87%	-2.15%	0.10%	-4.68%	-12.13%
Benchmark	1.91%	-2.27%	-1.78%	1.59%	-2.77%	-8.47%	10.07%	-4.28%	-1.04%	-4.83%	-2.20%	-5.76%	-19.11%

### Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

UBL Financial Sector Fund was launched on 6-Apr-18. The objective is to provide investors long-term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential preferably in the Financial Sector. The Fund has generated a return of -12.13% during the period under review. The net assets of the fund were PKR 0.861mn at the end of FY19.

- 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-18	Jun-19
Equities	72%	92%
T-bills	0%	0%
Cash	1%	7%
Others	27%	1%
Leverage	Nil	Nil

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

FY'19 Return:	-12.13%
Standard Deviation (12m trailing):	17.73%
Sharpe Ratio (12m trailing):	(1.24)

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-19	30-Jun-18	Change	30-Jun-19	30-Jun-18	Change
Rupees (000)		%	Rupees		%
861,353	372,153	131.45	80.1577	91.2211	(12.13)

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 for FY19**

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

Equity market started the fiscal year on a positive note, with the benchmark index returning ~2% in the Jan-19. However delays in finalization of IMF program in the absence of any substantial alternative macroeconomic remedy dragged the stock market for the remaining fiscal year with the benchmark index registering a continual decline for the remaining 5 months. Among the sectors, Cement, Oil and Gas marketing, Refinery, Automobile and insurance were the major sector which negatively contributed in the index during the period under review.

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
--------------	----------

<i>Declared on</i>	<b>Bonus</b>	<b>Cash</b>	<b>Per Unit</b>	<b>Cum NAV</b>	<b>Ex NAV</b>
	<b>Rupees (000)</b>		<b>----- Rupees -----</b>		

- x) **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**

<b>Range of Units</b>	<b>Number of Investors</b>
	<b>UFSF</b>
0.0001 - 9,999.9999	101
10,000.0000 - 49,999.9999	41
50,000.0000 - 99,999.9999	5
100,000.0000 - 499,999.9999	16
500,000.0000 & Above	4
<b>Total</b>	<b>167</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 Financial Sector Fund

	2019	2018
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>861,353</b>	<b>372,153</b>
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *</b>		
Class A units - Offer	82.8750	94.3135
- Redemption	80.1577	91.2211
<b>RETURN OF THE FUND - %</b>		
Total Return of the Fund	<b>(12.13)</b>	<b>(8.78)</b>
Capital Growth (per unit)	<b>(12.13)</b>	<b>(8.78)</b>
Date of Income Distribution	-	-
Income Distribution	-	-
Date of Income Distribution	-	-
Income Distribution	-	-
<b>AVERAGE ANNUAL RETURN - %</b>		
One Year	<b>(12.13)</b>	<b>(8.78)</b>
Second Year	<b>(10.46)</b>	
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees *</b>		
Highest price per unit - Class A units - Offer	101.2762	103.3959
Highest price per unit - Class A units - Redemption	97.9555	100.0057
Lowest price per unit - Class A units - Offer	82.2532	92.2498
Lowest price per unit - Class A units - Redemption	79.5562	89.2251
* Front-end load @ 3% is applicable		
<b>PORTFOLIO COMPOSITION - %</b>		
Percentage of Net Assets as at 30 June		
<b>PORTFOLIO COMPOSITION BY CATEGORY - %</b>		
Bank Balances	7	1
Equity Securities	92	72
Others	1	27
<b>PORTFOLIO COMPOSITION BY MARKET - %</b>		
Equity Market	<b>100.00</b>	100.00
Debt	-	-

Note:

- The Launch date of Fund is 6 April 2018

## **DISCLAIMER**

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

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL FINANCIAL SECTOR 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 Financial Sector 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, 2019 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.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 16, 2019



**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)  
REGULATIONS, 2017 BY UBL FUND MANAGERS LIMITED**

**NAME OF FUND:** UBL Financial Sector Fund

**YEAR ENDING:** JUNE 30, 2019

The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited (the Management Company) of UBL Financial Sector Fund (the Fund), for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of Corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2017 (the Regulations).

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
  - a. Male: Five Directors;
  - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid
	Ms. Naz Khan
Executive Directors	Mr. Yasir Qadri
Non - Executive Directors	Mr. Imran Sarwar
	Ms. Sadia Saeed
	Mr. Tauqeer Mazhar
	Syed Furrukh Zaeem

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The Management Company has placed the Whistle Blowing Policy, Proxy Policy and the Principles of the Code of Conduct (Statement of Ethics and Business Practice) on its website.
6. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 (the Act) and these Regulations.
7. The Board has a formal and effective mechanism in place for an annual evaluation of the Board's, Board Committee's and Board Member's own performance.
8. The Chairman of the Board is an Independent director. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act and these Regulations.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

**UBL FUND MANAGERS LIMITED**

☎ +92 21 111 825 262

✉ info@ublfunds.com

📍 4<sup>th</sup> Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

www.ublfunds.com



10. Following directors and executives have acquired the prescribed Director Training Program (DTP) certification:

**Directors**

- a. Mr. Imran Sarwar
- b. Mr. Tauqeer Mazhar
- c. Mr. Yasir Qadri
- d. Ms. Naz Khan
- e. Ms. Sadia Saeed
- f. Syed Furrukh Zaeem

**Executives**

- a. S.M. Aly Osman
- b. Mr. Amin Gulamani
- c. Mr. Ammar Valika
- d. Mr. Hadi Hassan Mukhi
- e. Mr. Umair Ahmed
- f. Mr. Zeeshan Quddus

11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
12. CFO and CEO duly endorsed the financial statements before approval of the Board.
13. The Board has formed committees comprising of members given below. The Board Audit Committee and the Board Human Resource & Compensation Committee are chaired by separate Independent directors:

- a. Board Audit Committee
  - i. Ms. Naz Khan (Chair),
  - ii. Mr. Imran Sarwar,
  - iii. Ms. Sadia Saeed,
  - iv. Mr. Tauqeer Mazhar.
- b. Board Human Resource & Compensation Committee
  - i. Mr. Azhar Hamid (Chairman),
  - ii. Ms. Naz Khan,
  - iii. Ms. Sadia Saeed,
  - iv. Syed Furrukh Zaeem,
  - v. Mr. Yasir Qadri.
- c. Board Risk & Compliance Committee
  - i. Mr. Imran Sarwar (Chairman),
  - ii. Mr. Azhar Hamid,
  - iii. Syed Furrukh Zaeem,
  - iv. Mr. Tauqeer Mazhar,
  - v. Mr. Yasir Qadri.

14. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.

**UBL FUND MANAGERS LIMITED**

☎ +92 21 111 825 262

✉ info@ublfunds.com

📍 4<sup>th</sup> Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

15. The frequency of meetings of the Committee were as per following:
  - a. Board Audit Committee : Quarterly Meeting-6 meetings held
  - b. Board Human Resource & Compensation Committee: 4 meetings held
  - c. Board Risk & Compliance Committee: Quarterly Meeting-4 meetings held
16. The Board has set up an independent and effective internal audit function and the audit personnel are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
17. 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) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
18. The Board Audit Committee recommends to the Board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the fund by the external auditors in addition to audit of its financial statements.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that any other significant requirements of the Regulations have been complied with.



**AZHAR HAMID**  
Chairman

Karachi.  
Dated: **August 30, 2019**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF UBL FINANCIAL SECTOR FUND ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 AS ADOPTED BY THE BOARD OF DIRECTORS OF UBL FUND MANAGERS LIMITED**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) as adopted by the Board of Directors (the Board) of UBL Fund Managers Limited, the Management Company of UBL Financial Sector Fund (the Fund) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Fund's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Fund for the year ended June 30, 2019.

We draw attention to the following paragraph as detailed in the Statement of Compliance:

*"The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited, the Management Company of the Fund, for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of Corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2017 (The Code)."*

Accordingly, our opinion is in relation to Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017 as adopted by the Board of Directors of the Management Company.

KARACHI

DATED: AUGUST 30, 2019



CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer



## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of UBL Financial Sector Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Adoption of IFRS 9</b></p> <p>Effective July 01, 2018, the Fund changed its accounting policies due to the application of the International Financial Reporting Standard: IFRS 9 "Financial Instruments" which supersedes the requirements of IAS 39 "Financial Instruments - Recognition and Measurement".</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the analysis performed by management to identify all significant differences between previous accounting standard and the new accounting standard which can impact the financial statements;</li> </ul>

S.No.	Key audit matter(s)	How the matter was addressed in our audit
	<p>IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new impairment model for financial assets. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Management has determined that the significant impact of the new standard on the Fund's financial statements relates to the disclosures required to be made by the new accounting standard in the financial statements.</p> <p>The Fund has used the exemption available in IFRS 9 not to restate comparative periods. Accordingly, comparative periods have not been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in net assets attributable to unit holders as at July 1, 2018.</p> <p>We considered this as a key audit matter since the adoption of the new accounting standard has a significant impact on the financial statements from recognition, classification &amp; measurement and disclosure perspective.</p> <p>Note 4.2 to the financial statements explains the impact of the adoption of the new accounting standard.</p>	<ul style="list-style-type: none"> <li>• Reviewed 'Investment Classification Model' of the management for analysis of 'Business Model' assessment and 'Contractual Cash Flow Characteristics' test for classification of financial assets;</li> <li>• Reviewed management's assessment of the impact of new accounting standard on the Fund's financial statements;</li> <li>• Evaluated the key decisions made by the Fund with respect to accounting policies, estimates and judgments in relation to adoption of the new accounting standard and assessed their appropriateness based on our understanding of the Fund's business and its operations;</li> <li>• Evaluated the adequacy and appropriateness of disclosures made in the financial statements in relation to adoption of the new accounting standard.</li> </ul>



S.No.	Key audit matter(s)	How the matter was addressed in our audit
2.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2019, the investments held by the Fund comprised of listed shares which represent 92% of the total assets of the Fund as at the year end.</p> <p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We tested controls over acquisition, disposals and periodic valuation of debt instruments portfolio and performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement, and related reconciliations and re-performance of debt instruments valuations on the basis of prices provided by the Mutual Fund Association of Pakistan (MUFAP).</li> <li>• We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and constitutive documents in relation to the concentration of debt instruments and exposure limits prescribed in such Regulations and documented and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> <li>• We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the debt instruments portfolio in accordance with the requirements of the Regulations and whether the Fund's disclosures in relation to the valuation of debt instruments are compliant with the relevant accounting standards.</li> </ul>

S.No.	Key audit matter(s)	How the matter was addressed in our audit
3.	<p><b>Recognition, measurement and presentation of 'Element of Income'</b></p> <p>Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income.</p> <p>As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund. Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'.</p> <p>The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed. However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.</p> <p>Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed".</li> <li>• We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss.</li> <li>• We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund.</li> <li>• We evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.</li> </ul>



### **Information other than the financial statements and auditor's report thereon**

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Management Company and its Board of Directors**

The Management Company ("UBL Fund Managers Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan 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.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Management Company is responsible for overseeing the Fund's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



#### Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 30 AUG 2019

  
 BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

**UBL FINANCIAL SECTOR FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	<b>----- (Rupees in '000) -----</b>
<b>ASSETS</b>			
Bank balances	5	64,596	112,287
Investments	6	798,595	295,416
Mark-up / interest receivable	7	3,141	357
Deposits and other receivables	8	2,518	3,515
Preliminary expenses and floatation costs	9	902	1,141
Advance tax	10	39	-
<b>TOTAL ASSETS</b>		<b>869,791</b>	<b>412,716</b>
<b>LIABILITIES</b>			
Payable to UBL Fund Managers Limited - Management Company	11	3,957	6,309
Payable to Central Depository Company of Pakistan Limited - Trustee	12	167	39
Payable to Securities and Exchange Commission of Pakistan	13	605	40
Accrued expenses and other liabilities	14	3,709	34,175
<b>TOTAL LIABILITIES</b>		<b>8,438</b>	<b>40,563</b>
<b>NET ASSETS</b>		<b>861,353</b>	<b>372,153</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>861,353</b>	<b>372,153</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		
		<b>----- (Number of units) -----</b>	
<b>NUMBER OF UNITS IN ISSUE</b>	16	<b>10,745,730</b>	<b>4,079,679</b>
		<b>----- (Rupees) -----</b>	
<b>NET ASSETS VALUE PER UNIT</b>		<b>80.1577</b>	<b>91.2211</b>

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

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

**SD**  
**CHIEF EXECUTIVE OFFICER**

**SD**  
**CHIEF FINANCIAL OFFICER**

**SD**  
**DIRECTOR**

**UBL FINANCIAL SECTOR FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2019**

		<b>For the period from April 06, 2018 to June 30,</b>	
		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>INCOME</b>			
Financial income	17	4,502	365
Dividend income		37,356	1,531
Capital loss on sale of investments - net		(11,886)	(382)
Unrealised loss on remeasurement of investments classified as at fair value through profit or loss		(111,316)	-
Other income		41	18
<b>Total (loss) / income</b>		<b>(81,303)</b>	<b>1,532</b>
<b>EXPENSES</b>			
Remuneration of UBL Fund Managers Limited - Management Company	11.1	12,736	845
Sindh Sales Tax on Management Company's remuneration	11.2	1,656	110
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12.1	1,439	95
Annual fee of Securities and Exchange Commission of Pakistan	13.1	605	40
Bank charges		37	5
Auditors' remuneration	18	197	167
Brokerage and settlement expenses		3,241	45
Allocated expenses	19	637	42
Fees and subscription charges		27	28
Legal and professional charges		208	49
Amortization of preliminary expenses and floatation costs		239	56
Selling and marketing expenses	11.4	2,547	169
<b>Total operating expenses</b>		<b>23,569</b>	<b>1,651</b>
<b>Net loss from operating activities</b>		<b>(104,872)</b>	<b>(119)</b>
Provision for Sindh Workers' Welfare Fund	14.1	-	-
<b>Net loss for the year / period before taxation</b>		<b>(104,872)</b>	<b>(119)</b>
Taxation	20	-	-
<b>Net loss for the year / period after taxation</b>		<b>(104,872)</b>	<b>(119)</b>
<b>Allocation of net loss for the year / period</b>			
Income already paid on units redeemed		-	-
<b>Net loss for the year / period</b>		<b>(104,872)</b>	<b>(119)</b>
Accounting income available for distribution:			
Relating to capital gains		-	-
Excluding capital gains		-	-
<b>Earnings per unit</b>	<b>21</b>		

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

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

**SD  
CHIEF EXECUTIVE OFFICER**

**SD  
CHIEF FINANCIAL OFFICER**

**SD  
DIRECTOR**

**UBL FINANCIAL SECTOR FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b>	<b>For the period from April 06, 2018 to June 30, 2018</b>
	<b>----- (Rupees in '000) -----</b>	
Net loss for the year / period	(104,872)	(119)
Other comprehensive income		
Items that may be reclassified subsequently to income statement		
Unrealised loss on revaluation of investments classified as 'available for sale' - net	-	(15,574)
Items that will not be reclassified subsequently to income statement	-	-
Total comprehensive loss for the year / period	<u>(104,872)</u>	<u>(15,693)</u>

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

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

**SD  
CHIEF EXECUTIVE OFFICER**

**SD  
CHIEF FINANCIAL OFFICER**

**SD  
DIRECTOR**

**UBL FINANCIAL SECTOR FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

**For the period  
from April 06,  
2018 to June 30,  
2018**

**2019  
----- (Rupees in '000) -----**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss for the year / period before taxation	(104,872)	(119)
Adjustments for:		
Financial income	(4,502)	(365)
Dividend income	(37,356)	(1,531)
Capital loss on sale of investments - net	11,886	382
Unrealised loss on remeasurement of investments classified as at fair value through profit or loss	111,316	-
	<u>81,344</u>	<u>(1,514)</u>
<b>Cash used in operations before working capital changes</b>	<b>(23,528)</b>	<b>(1,633)</b>

**Working capital changes**

**(Increase) / decrease in assets**

Investments - net	(626,381)	(311,372)
Preliminary expenses and floatation costs	239	(1,141)
Deposits and prepayments	997	(3,515)
Advance tax	(39)	-
	<u>(625,184)</u>	<u>(316,028)</u>

**(Decrease) / increase in liabilities**

Payable to UBL Fund Managers Limited - Management Company	(2,352)	6,309
Payable to Central Depository Company of Pakistan Limited - Trustee	128	39
Annual fee payable to Securities and Exchange Commission of Pakistan	565	40
Accrued expenses and other liabilities	(30,466)	34,175
	<u>(32,125)</u>	<u>40,563</u>
Profit received on bank balances	1,718	8
Dividend received	37,356	1,531
<b>Net cash used in operating activities</b>	<b>(641,763)</b>	<b>(275,559)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Receipts from issuance of units	1,250,575	480,477
Payments against redemption of units	(656,503)	(92,631)
<b>Net cash generated from financing activities</b>	<b>594,072</b>	<b>387,846</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(47,691)</b>	<b>112,287</b>
Cash and cash equivalents at the beginning of the year / period	112,287	-
<b>Cash and cash equivalents at the end of the year / period</b>	<b>64,596</b>	<b>112,287</b>

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

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

**SD  
CHIEF EXECUTIVE OFFICER**

**SD  
CHIEF FINANCIAL OFFICER**

**SD  
DIRECTOR**

UBL FINANCIAL SECTOR FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

2019

For the period from April 06, 2018 to June 30, 2018

	Capital value	Undistributed loss	Unrealised diminution on re- measurement of investments classified as 'fair value through other comprehensive income' (June 30, 2018: 'available for sale' - net	Total	Capital value	Undistributed loss	Unrealised diminution on re- measurement of investments classified as 'available for sale' - net	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at the beginning of the year / period	387,846	(119)	(15,574)	372,153	-	-	-	-
Transfer of unrealised diminution on re-measurement of investments classified as 'available for sale' - net to undistributed loss upon adoption of IFRS-9	-	(15,574)	15,574	-	-	-	-	-
Issuance of 14,410,086 units (For the period ended June 30, 2018: 5,038,015 units)								
Capital value of units	1,314,504	-	-	1,314,504	503,802	-	-	503,802
Element of loss	-	-	-	-	(17,565)	-	-	(17,565)
Due to deficit in available for sale securities	-	-	-	-	(5,760)	-	-	(5,760)
Due to net loss incurred	(63,929)	-	-	(63,929)	-	-	-	-
<b>Total proceeds on issuance of units</b>	1,250,575	-	-	1,250,575	480,477	-	-	480,477
Redemption of 7,744,035 units (For the period ended June 30, 2018: 958,336 units)								
Capital value of units	(706,419)	-	-	(706,419)	(95,835)	-	-	(95,835)
Element of income	-	-	-	-	3,028	-	-	3,028
Due to deficit in available for sale securities	-	-	-	-	176	-	-	176
Due to net loss incurred	49,916	-	-	49,916	-	-	-	-
<b>Total payments on redemption of units</b>	(656,503)	-	-	(656,503)	(92,631)	-	-	(92,631)
Total comprehensive loss for the year / period	-	(104,872)	-	(104,872)	-	(119)	(15,574)	(15,693)
<b>Net assets at the end of the year / period</b>	<b>981,918</b>	<b>(120,565)</b>	<b>-</b>	<b>861,353</b>	<b>387,846</b>	<b>(119)</b>	<b>(15,574)</b>	<b>372,153</b>
Undistributed loss / Unrealised diminution on re-measurement of investments classified as 'available for sale-net' brought forward comprises of:								
Realised loss		(119)	-	(119)		-	-	-
Unrealised loss		-	(15,574)	(15,574)		-	-	-
Total undistributed loss brought forward		(119)	(15,574)	(15,693)		-	-	-
Transfer of unrealised diminution on re-measurement of investments classified as 'available for sale' - net to undistributed loss upon adoption of IFRS-9		(15,574)	15,574	-		-	-	-
<b>Income available for distribution:</b>								
Relating to capital gains	-	-	-	-	-	-	-	-
Excluding capital gains	-	-	-	-	-	-	-	-
<b>Net loss for the year / period</b>	<b>(104,872)</b>	<b>-</b>	<b>(104,872)</b>	<b>(104,872)</b>	<b>(119)</b>	<b>(15,574)</b>	<b>(15,693)</b>	<b>(15,693)</b>
<b>Undistributed loss carried forward</b>	<b>(120,565)</b>	<b>-</b>	<b>(120,565)</b>	<b>(120,565)</b>	<b>(119)</b>	<b>(15,574)</b>	<b>(15,693)</b>	<b>(15,693)</b>
<b>Undistributed loss carried forward comprises of:</b>								
Realised loss	(9,249)	-	(9,249)	(9,249)	(119)	-	(119)	(119)
Unrealised loss	(111,316)	-	(111,316)	(111,316)	-	(15,574)	(15,574)	(15,574)
<b>Total undistributed loss carried forward</b>	<b>(120,565)</b>	<b>-</b>	<b>(120,565)</b>	<b>(120,565)</b>	<b>(119)</b>	<b>(15,574)</b>	<b>(15,693)</b>	<b>(15,693)</b>
Net assets value per unit at the beginning of the year / period			(Rupees)	91.2211			(Rupees)	-
Net assets value per unit at the end of the year / period				80.1577				91.2211

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

For UBL Fund Managers Limited  
(Management Company)

SD  
CHIEF EXECUTIVE OFFICER

SD  
CHIEF FINANCIAL OFFICER

SD  
DIRECTOR



**UBL FINANCIAL SECTOR FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

- 1.1 UBL Financial Sector Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under the Trust Deed, dated February 21, 2018 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund has been registered as a notified entity on March 12, 2018 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 4th floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an equity scheme (sector specific) and units of the Fund are listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units were initially offered to public on IPO dated April 05, 2018 and are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorised as an open-ended sector (equity) scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4 The principal activity of the Fund is to provide investors long term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential, preferably in financial sector.
- 1.5 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.
- 1.6 VIS Credit Rating Company Limited has assigned an asset manager quality rating of 'AM1' (stable outlook) to the Management Company as at December 27, 2018 and a stability rating of "A+(f)" to the Fund as at December 31, 2018.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except investments that are stated at fair values. These financial statements have been prepared by following accrual basis of accounting except for cash flows information.

### **2.3 Functional and presentation currency**

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

### **2.4 Use of estimates and judgments**

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

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

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

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

#### **Classification and measurement of financial assets and financial liabilities**

For details please refer notes 4.2.1.1 and 23 to these financial statements.

#### **Impairment of financial assets**

For details please refer notes 4.2.1.2 to these financial statements.

#### **Provision for taxation**

For details please refer notes 4.6 and 20 to these financial statements.

#### **Sindh Workers' Welfare Fund**

For details please refer note 14.1 to these financial statements.

#### **Other assets**

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

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

#### **3.1 Amendments that are effective in current year and are relevant to the Fund**

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

		<b>Effective date (annual periods beginning on or after)</b>
Conceptual Framework for Financial Reporting 2018 - Original Issue		March 01, 2018
IAS 7	Financial Instruments : Disclosures - additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018

		<b>Effective date (annual periods beginning on or after)</b>
IFRS 9	Financial Instruments - reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other	July 01, 2018
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018
IAS 39	Financial Instruments: Recognition and Measurements- amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	July 01, 2018

### **3.2 Standards / amendments that are effective in current year and not relevant to the Fund**

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

IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 5	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 8	Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 15	Original issue	July 01, 2018

		<b>Effective date (annual periods beginning on or after)</b>
IFRS 15	Clarifications to IFRS 15	July 01, 2018
IAS 40	Investment Property - amendments to clarify transfers of property to, or from, investment property	January 01, 2018

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

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

### **3.3 Amendments not yet effective**

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 8	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities negative compensation and modifications of financial liabilities	January 01, 2019
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020

		<b>Effective date (annual periods beginning on or after)</b>
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 19	Employee benefits - amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 17	Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - amendments regarding long-term interests in associates and joint ventures	January 01, 2019

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

**Annual improvements to IFRSs (2015 – 2017) Cycle:**

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

**3.4 Standards or interpretations not yet effective**

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned against the respective standard:

IFRS 16	Leases	January 01, 2019
---------	--------	------------------

The Funds expects that the adoption of IFRS 16 will not have any material impact and therefore will not affect the Funds's financial statements in the period of initial application.

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

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

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

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

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

##### **4.1 Cash and cash equivalents**

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

##### **4.2 Financial instruments**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for reporting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

###### **4.2.1 Financial assets**

###### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
----------------------------------	--



**Financial assets at amortised cost** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

**Debt investments at FVOCI** These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

Financial assets		Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 ----- (Rupees in '000) -----	New carrying amount under IFRS 9
Investment	(a)	Available for sale	Fair value through profit or loss	295,416	295,416
Bank balances	(b)	Loans and receivables	Amortised cost	112,287	112,287
Mark-up / interest receivable	(b)	Loans and receivables	Amortised cost	357	357
Deposits and other receivables	(b)	Loans and receivables	Amortised cost	3,515	3,515
				<u>411,575</u>	<u>411,575</u>

(a) The Fund has not made an irrevocable election upon adoption of IFRS 9 to present in other comprehensive income subsequent changes in the fair value of investments in equity instruments under IFRS 9 and accordingly all investments in equity instruments have been reclassified as fair value through profit or loss (FVTPL).

(b) These financial assets classified as 'loans and receivables' have been classified as 'amortised cost'.

#### **4.2.1.2 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

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.

For financial assets classified as 'at amortized cost', 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.

#### **4.2.1.3 Transition**

The Fund has used the exemption not to restate comparative periods. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39, therefore, the Fund transferred the balance of unrealised diminution on remeasurement of investments classified as 'available for sale - net' amounting to Rs. 15.574 million to undistributed income on July 1, 2018 in the statement of movement in unit holders' fund.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets as measured at FVTPL.

#### **4.2.2 Financial liabilities**

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities.

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

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

#### **4.2.3 Offsetting of financial assets and liabilities**

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

#### **4.3 Derivatives**

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

#### **4.4 Provisions**

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

#### **4.5 Collaterals**

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

#### **4.6 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 to the unit holders.

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.7 Preliminary expenses and floatation cost**

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

#### **4.8 Proposed distributions**

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

#### **4.9 Issuance and redemption of units**

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

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

#### **4.10 Element of income**

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.11 Net asset value per unit**

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

#### **4.12 Revenue recognition**

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

#### **4.13 Foreign currency transactions**

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

#### **4.14 Transactions with related parties / connected persons**

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

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

	Note	2019 (Rupees in '000)	2018
<b>5</b>	<b>BANK BALANCES</b>		
Cash at bank			
In savings accounts	5.1	<u>64,596</u>	<u>112,287</u>
5.1	Profit rates on these savings accounts range between 8% to 10.25% per annum (June 30, 2018: 3% to 4% per annum). This includes an amount of Rs. 63.897 million held by a related party (United Bank Limited) on which return is earned at the rates ranging from 8% to 8.25% (June 30, 2018: 3% to 4% per annum).		
<b>6</b>	<b>INVESTMENTS</b>		
Financial assets classified as at fair value through profit or loss	6.1	798,595	-
Financial asset classified as at fair value through other comprehensive income (June 30, 2018: Available for sale)	6.2 & 6.2.1	<u>-</u>	<u>295,416</u>
		<u>798,595</u>	<u>295,416</u>

6.1 Financial asset classified as fair value through profit or loss

Shares of listed company - fully paid up ordinary shares of Rs. 10 each unless otherwise stated

Name of investee company		Number of shares					Balance as at June 30, 2019			Market value as at June 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total value of investment	Investment as percentage of paid up capital of investee company	
		As at July 01, 2018	Purchased during the year	Bonus / right shares received during the year	Sold during the year	Transferred in during the year due to adoption of IFRS 9	As at June 30, 2019	Carrying value	Market value					Unrealised gain / (loss) on revaluation of investments
		Number of shares					(Rupees in '000)							
COMMERCIAL BANKS														
Allied Bank Limited	-	1,105,300	-	308,500	526,000	1,322,800	141,744	138,920	(2,824)	54,257	16%	17%	1.21%	
Bank Al Falah Limited	6.1.1	3,006,000	120,900	617,000	869,500	3,379,400	162,351	147,308	(15,043)	45,466	17%	18%	0.83%	
United Bank Limited	-	695,200	-	350,900	199,500	543,800	80,775	80,145	(630)	33,712	9%	10%	0.65%	
Habib Bank Limited	6.1.1	1,269,600	-	431,200	408,000	1,246,400	181,321	141,168	(40,153)	67,908	16%	18%	0.96%	
MCB Bank Limited	-	561,100	-	217,000	132,500	476,600	95,185	83,143	(12,042)	26,205	10%	10%	0.70%	
Faysal Bank Limited	-	300,000	-	859,000	559,000	-	-	-	-	14,533	-	-	0.00%	
Bank Al Habib Limited	-	1,005,000	-	326,000	-	679,000	54,052	53,220	(832)	-	6%	7%	0.48%	
National Bank Of Pakistan	-	1,258,500	-	715,000	-	543,500	21,125	18,294	(2,831)	-	2%	2%	0.09%	
Bank of Punjab	-	1,100,000	-	1,100,000	-	-	-	-	-	-	-	-	0.00%	
	-	10,300,700	120,900	4,924,600	2,694,500	8,191,500	736,553	662,198	(74,355)	242,081	77%	83%		
INSURANCE														
Adamjee Insurance Company Limited	-	2,967,500	-	170,500	1,094,500	3,891,500	173,358	136,397	(36,961)	53,335	16%	17%	3.90%	
	-	2,967,500	-	170,500	1,094,500	3,891,500	173,358	136,397	(36,961)	53,335	16%	17%		
Total - June 30, 2019	-	13,268,200	120,900	5,095,100	3,789,000	12,083,000	909,911	798,595	(111,316)	295,416	93%	100%		

6.1.1 The above securities include 590,000 shares pledged with National Clearing Company of Pakistan Limited having market value (in aggregate) amounting to Rs. 31.988 million for guaranteeing settlement of the Fund's trade in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

6.2 Financial asset classified as at fair value through other comprehensive income (June 30, 2018: Available for sale)

Name of investee company	Number of shares						Balance as at June 30, 2019			Market value as at June 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total value of investment	Investment as percentage of paid up capital of investee company
	As at July 1, 2018	Purchased during the year	Bonus / right shares issued during the year	Sold during the year	Transferred out during the year due to adoption of IFRS 9	As at June 30, 2019	Carrying value	Market value	Unrealised gain on revaluation of investments				
							----- (Rupees in '000) -----						
COMMERCIAL BANKS													
Allied Bank Limited	526,000	-	-	-	(526,000)	-	-	-	-	54,257	0.00%	0.00%	0.00%
Bank Al Falah Limited	869,500	-	-	-	(869,500)	-	-	-	-	45,466	0.00%	0.00%	0.00%
United Bank Limited	199,500	-	-	-	(199,500)	-	-	-	-	33,712	0.00%	0.00%	0.00%
Habib Bank Limited	408,000	-	-	-	(408,000)	-	-	-	-	67,908	0.00%	0.00%	0.00%
MCB Bank Limited	132,500	-	-	-	(132,500)	-	-	-	-	26,205	0.00%	0.00%	0.00%
Faysal Bank Limited	559,000	-	-	-	(559,000)	-	-	-	-	14,533	0.00%	0.00%	0.00%
	2,694,500	-	-	-	(2,694,500)	-	-	-	-	242,081	0.00%	0.00%	
INSURANCE													
Adamjee Insurance Company Limited	1,094,500	-	-	-	(1,094,500)	-	-	-	-	53,335	0.00%	0.00%	0.00%
	1,094,500	-	-	-	(1,094,500)	-	-	-	-	53,335	0.00%	0.00%	
Total - June 30, 2019	3,789,000	-	-	-	(3,789,000)	-	-	-	-	295,416	0.00%	0.00%	

6.2.1 As mentioned in note 4.2 to these financial statements, after the adoption of IFRS 9, investments in equity securities held by the Fund as 'Available for sale' have been classified as financial assets at 'fair value through profit or loss' on July 1, 2018.

**2019                      2018**  
**(Rupees in '000)**

**7                      MARK-UP / INTEREST RECEIVABLE**

Markup / interest receivable on:  
Savings accounts

	3,141	357
--	-------	-----

**8                      DEPOSITS AND OTHER RECEIVABLES**

Security deposit with  
National Clearing Company of Pakistan Limited  
Receivable against sale of investment  
Receivable against issuance of units

	2,500	2,500
	-	1,015
	18	-
	2,518	3,515

**9                      PRELIMINARY EXPENSES AND  
FLOATATION COSTS**

Preliminary expenses and floatation costs  
Amortisation during the year / period  
Balance as at June 30, 2019

	1,141	1,197
	(239)	(56)
	902	1,141

9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from April 06, 2018 as per the requirements set out in the Trust Deed.

**10                      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, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue (CIR). During the year, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded after filing Income Tax Return for Tax Year 2019.



	Note	2019 (Rupees in '000)	2018
<b>11 PAYABLE TO UBL FUND MANAGERS LIMITED - MANAGEMENT COMPANY</b>			
Remuneration payable (including Sindh Sales Tax)	11.1 & 11.2	1,671	394
Formation cost and other payable	11.3	-	3,735
Allocated expenses payable	19	74	32
Selling and marketing expenses payable	11.4	917	169
Sales load payable		1,290	1,978
Conversion charges payable		5	1
		<u>3,957</u>	<u>6,309</u>

11.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to remuneration of an amount not exceeding 2% of average annual net assets of the Fund.

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

11.3 This represented preliminary expenses and floatation costs which has been paid to the Management Company during the year.

11.4 SECP vide Circular No. 40 of 2016 dated December 30, 2016 prescribed certain conditions on Asset Management Companies (AMC) 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 the daily net assets of the Fund being the lower amount.

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

Trustee fee payable (including Sindh Sales Tax)	12.1 & 12.2	<u>167</u>	<u>39</u>
--	----------------	------------	-----------

12.1 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 applicable to the Fund in respect of the Trustee fee during the year ended June 30, 2019 is as follows:

<b>Net assets</b>	<b>Tariff per annum</b>
Upto Rs. 1,000	Rs. 0.7 million or 0.20% p.a. of NAV,
On an amount exceeding Rs. 1,000 million	Rs. 2.0 million plus 0.10% p.a. of NAV

- 12.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the trustee fee through the Sindh Sales Tax on Services Act, 2011.

	<b>Note</b>	<b>2019 (Rupees in '000)</b>	<b>2018</b>
<b>13 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable	13.1	605	40
13.1 Under the provisions of NBFC Regulations, a collective investment scheme classified as equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095% of the average annual net assets of the Fund.			
<b>14 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Payable against purchase of investments		2,138	33,291
Auditors' remuneration payable		127	113
Brokerage expense payable		1,314	717
Capital gains tax payable		4	43
Payable against legal fees and professional charges		105	11
Provision for Sindh Workers' Welfare Fund	14.1	-	-
Other payable		21	-
		<u>3,709</u>	<u>34,175</u>
<b>14.1 Provision for Sindh Workers' Welfare Fund</b>			

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

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

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

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

Since the Fund has incurred net loss during the year, therefore no provision against SWWF has been made.

## 15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

	2019	For the period from April 06, 2018 to June 30, 2018
	----- (Number of units) -----	
<b>16 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year / period	4,079,679	-
Add: Units issued	14,410,086	5,038,015
Less: Units redeemed	(7,744,035)	(958,336)
Total units in issue at the end of the year / period	<u>10,745,730</u>	<u>4,079,679</u>
<b>17 FINANCIAL INCOME</b>		
	----- (Rupees in '000) -----	
Markup / interest income on Bank balances	<u>4,502</u>	<u>365</u>

For the period  
from April 06,  
2018 to June 30,  
2018  
2019  
----- (Rupees in '000) -----

## 18 AUDITORS' REMUNERATION

Annual audit fee	80	75
Fee for half yearly review	32	
Fee for the review of compliance with the requirements of the Code of Corporate Governance	15	15
Fee for other certifications / services	16	15
Out of pocket expenses and sales tax	54	62
	197	167
	197	167

## 19 ALLOCATED EXPENSES

As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme. Previously, the Fund was required to charge such expenses up to a maximum of 0.1% of the average annual net assets or the actual cost whichever is lower. The SECP, vide S.R.O 639(I)/2019 dated June 20, 2019, has withdrawn the requirement to restrict allocated expenses up to a maximum of 0.1% of the average annual net assets. During the year, the Management Company has continued to charge 0.1% of the average annual net assets.

## 20 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed 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, the Fund has incurred net loss, therefore no provision for taxation has been made.

## 21 EARNINGS PER UNIT

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

## 22 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 3.70% as on June 30, 2019 and this includes 0.44% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

## 23 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2019, the financial assets carried on the statement of assets and liabilities are categorised either as 'Amortized cost' or 'at fair value through profit or loss'. The financial liabilities carried on the statement of assets and liabilities are categorised as at amortised cost i.e. liabilities other than 'at fair value through profit or loss'.

Particulars	As at June 30, 2019		
	Amortized cost	Financial assets 'at fair value through profit or loss'	Total
Rupees in '000			
<b>Financial assets</b>			
Bank balances	64,596	-	64,596
Investments	-	798,595	798,595
Mark-up / interest receivable	3,141	-	3,141
Deposits and other receivables	2,518	-	2,518
	<u>70,255</u>	<u>798,595</u>	<u>868,850</u>

Particulars	As at June 30, 2019		
	Financial liabilities 'at fair value through profit or loss'	Amortized cost	Total
Rupees in '000			
<b>Financial liabilities</b>			
Payable to UBL Fund Managers Limited - Management Company	-	3,765	3,765
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	148	148
Accrued expenses and other liabilities	-	3,705	3,705
	<u>-</u>	<u>7,618</u>	<u>7,618</u>

Particulars	As at June 30, 2018		
	Loans and receivables	Financial assets 'available for sale'	Total
Rupees in '000			
<b>Financial assets</b>			
Bank balances	112,287	-	112,287
Investments	-	295,416	295,416
Mark-up / interest receivable	357	-	357
Deposits and other receivables	3,515	-	3,515
	<u>116,159</u>	<u>295,416</u>	<u>411,575</u>

Particulars	As at June 30, 2018		
	Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
Rupees in '000			
<b>Financial liabilities</b>			
Payable to UBL Fund Managers Limited - Management Company	-	6,264	6,264
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	35	35
Accrued expenses and other liabilities	-	34,132	34,132
	<u>-</u>	<u>40,430</u>	<u>40,430</u>

**24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE**

**June 30, 2019  
(Percentage)**

1	Next Capital Limited	9.78%
2	DJM Securities (Private) Limited	9.34%
3	Insight Securities (Private) Limited	7.85%
4	Taurus Securities Limited	7.68%
5	Al Falah Securities (Private) Limited	7.38%
6	Habib Metropolitan Financial Services Limited	7.42%
7	BMA Capital Management Limited	6.48%
8	JS Global Capital Limited	5.92%
9	Elixir Securities Pakistan (Private) Limited	4.09%
10	Efg Hermes Pakistan Limited	3.82%
		<b>69.76%</b>

**June 30, 2018  
(Percentage)**

1	Elixir Securities Pakistan (Private) Limited	28.37%
2	Al Falah Securities (Private) Limited	27.26%
3	ABA Ali Habib Securities (Private) Limited	18.09%
4	Optimus Capital Management (Private) Limited	8.73%
5	Next Capital Limited	8.10%
6	DJM Securities (Private) Limited	3.60%
7	Topline Securities (Private) Limited	2.44%
8	BMA Capital Management Limited	2.16%
9	Taurus Securities Limited	1.24%
		<b>100%</b>

**25 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	22.1	MBA
2	Syed Suleman Akhter	Chief Investment Officer	16.85	MBA, CFA
3	Muhammad Waseem	Acting Head of Research	5.14	BBA
4	Hadi Hassan Mukhi	Head of Risk Management, Compliance, Information Security and Quality Assurance	18.91	B.Com
5	Asim Wahab Khan	Head of Investment Strategy & Equities	13.45	MBA, CFA
6	Mubashir Anis	Fund Manager	6.01	BSC, CFA

Mubashir Anis is the Fund Manager of the Fund. He is also the Fund Manager of UBL Stock Advantage Fund and UBL Dedicated Equity Fund.

**PATTERN OF UNIT HOLDING**

Category	June 30, 2019		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	127	1,907,598	17.75%
Associated Companies and Key Executive	11	5,163,170	48.05%
Insurance companies	1	1,496,402	13.93%
Public limited companies	1	13,215	0.12%
Retirement funds	23	1,924,886	17.91%
Others	4	240,459	2.24%
	167	10,745,730	100%

Category	June 30, 2018		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	72	1,626,121	39.86%
Associated Companies and Key Executive	3	1,495,570	36.66%
Insurance companies	1	12,507	0.31%
Public limited companies	3	75,938	1.86%
Retirement funds	12	638,364	15.65%
Others	4	231,179	5.67%
	95	4,079,679	100%

**TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS**

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee), Directors and Officers of Management Company and persons having 10% or more beneficial ownership of the units of the Fund.

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

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

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

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
(Rupees in '000)						
<b>Transactions during the year ended June 30, 2019</b>						
Profit on savings accounts	-	4,500	-	-	-	-
Bank charges	-	37	-	-	-	-
Units issued	222,209	447,050	-	-	8,000	-
Units redeemed	222,814	-	-	-	3,710	-
Purchase of equity securities	-	102,141	-	-	-	-
Sale of equity securities	-	52,439	-	-	-	-
Sales load paid	1,290	-	-	-	-	-
Dividend received	-	4,867	-	-	-	-
Remuneration (including Sindh Sales Tax)	14,392	-	1,439	-	-	-
Allocated expenses	637	-	-	-	-	-
Selling and marketing expenses	2,547	-	-	-	-	-
Listing fee	-	25	-	-	-	-
<b>Transactions during the period from April 06, 2018 to June 30, 2018</b>						
Profit on savings accounts	-	365	-	-	-	-
Bank charges	-	5	-	-	-	-
Units issued	146,000	-	-	-	4,247	127,139
Units redeemed	-	-	-	-	2,809	60,422
Purchase of equity securities	-	44,038	-	-	-	-
Sale of equity securities	-	4,882	-	-	-	-
Sales load paid	2,783	-	-	-	-	-
Dividend received	-	426	-	-	-	-
Remuneration (including Sindh sales tax)	955	-	95	-	-	-
Allocated expenses	42	-	-	-	-	-
Selling and marketing expenses	169	-	-	-	-	-
Listing fee	-	28	-	-	-	-
<b>Balances held as at June 30, 2019</b>						
Units held (in Units '000)	1,496	5,096	-	-	67	-
Units held (in Rupees '000)	119,948	-	-	-	5,375	-
Bank balances	-	64,583	-	-	-	-
Profit receivable	-	3,141	-	-	-	-
Investments	-	80,145	-	-	-	-
Remuneration payable	1,671	-	167	-	-	-
Allocated expenses payable	74	-	-	-	-	-
Selling and marketing expense payable	917	-	-	-	-	-
Sales load payable	1,311	-	-	-	-	-
Conversion charges payable	5	-	-	-	-	-
<b>Balances held as at June 30, 2018</b>						
Units held (in Units '000)	1,482	-	-	-	14	670
Units held (in Rupees '000)	135,179	-	-	-	1,249	61,130
Bank balances	-	112,287	-	-	-	-
Profit receivable	-	357	-	-	-	-
Investments	-	33,712	-	-	-	-
Remuneration payable	394	-	39	-	-	-
Other payables	3,735	-	-	-	-	-
Allocated expenses payable	32	-	-	-	-	-
Selling and marketing expense payable	169	-	-	-	-	-
Sales load payable	1,978	-	-	-	-	-
Conversion charges payable	1	-	-	-	-	-



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

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

Particulars	August 28, 2018	October 26, 2018	November 08, 2018	December 11, 2018	February 27, 2019	April 29, 2019	May 06, 2019	Total meetings attended
<b>Name of Directors:</b>								
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	✓	7
Mirza Muhammad Sadeed Hassan Barlas*	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Mr. Imran Sarwar**	N/A	N/A	✓	✓	x	✓	✓	4
Mr. Tauqeer Mazhar**	N/A	N/A	✓	✓	x	x	✓	3
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	✓	7
Mr. Zia Ijaz*	x	N/A	N/A	N/A	N/A	N/A	N/A	0
Mr. Sharjeel Shahid*	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Ms. Naz Khan	✓	✓	✓	✓	✓	✓	✓	7
Ms. Sadia Saeed**	N/A	N/A	✓	✓	✓	✓	✓	5
Syed Furrukh Zaem	✓	✓	✓	x	✓	✓	✓	6
<b>Name of Key Executives</b>								
S.M. Aly Osman	✓	✓	✓	✓	✓	✓	✓	7
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	✓	7

\* Mr. Zia Ijaz, Mirza M. Sadeed Barlas & Mr. Sharjeel Shahid resigned on October 9, 2018

\*\* Mr. Tauqeer Mazhar, Ms. Sadia Saeed & Mr. Imran Sarwar appointed as of November 2, 2018

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risks is the creation and protection of Unit Holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the Fund's constitutive documents and the regulations and the directives issued by the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept.

The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 29.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio by following the internal guidelines established by the Investment Committee and the regulations laid down by the SECP.

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

#### **29.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

#### **29.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

##### **a) Sensitivity analysis for variable rate instruments**

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 8.00% to 10.25% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2019, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.646 million (June 30, 2018: Rs 1.123 million).

##### **b) Sensitivity analysis for fixed rate instruments**

Presently, the Fund does not hold any fixed rate instrument and is not exposed to fair value interest rate risk.

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

Particulars	June 30, 2019					
	Effective yield/ interest rate	Total	Exposed to interest rate risk			Not exposed to interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
	%					
(Rupees in '000)						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	8 - 10.25	64,596	64,596	-	-	-
Investments		798,595	-	-	-	798,595
Mark-up / interest receivable		3,141	-	-	-	3,141
Deposits and other receivables		2,518	-	-	-	2,518
<b>Sub total</b>		868,850	64,596	-	-	804,254
<b>Financial liabilities</b>						
Payable to UBL Fund Managers Limited - Management Company		3,765	-	-	-	3,765
Payable to the Central Depository Company of Pakistan Limited - Trustee		148	-	-	-	148
Accrued expenses and other liabilities		3,705	-	-	-	3,705
<b>Sub total</b>		7,618	-	-	-	7,618
<b>On-balance sheet gap (a)</b>		861,232	64,596	-	-	796,636
<b>Off-balance sheet financial instrument</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		-	64,596	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		-	64,596	-	-	-

Particulars	June 30, 2018					
	Effective yield/ interest rate	Total	Exposed to interest rate risk			Not exposed to interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
	%					
(Rupees in '000)						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	3 - 4	112,287	112,287	-	-	-
Investments		295,416	-	-	-	295,416
Mark-up / interest receivable		357	-	-	-	357
Deposits and other receivables		3,515	-	-	-	3,515
<b>Sub total</b>		411,575	112,287	-	-	299,288
<b>Financial liabilities</b>						
Payable to UBL Fund Managers Limited - Management Company		6,264	-	-	-	6,264
Payable to the Central Depository Company of Pakistan Limited - Trustee		35	-	-	-	35
Accrued expenses and other liabilities		34,132	-	-	-	34,132
<b>Sub total</b>		40,430	-	-	-	40,430
<b>On-balance sheet gap (a)</b>		371,145	112,287	-	-	258,858
<b>Off-balance sheet financial instrument</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		371,145	112,287	-	-	258,858
<b>Cumulative interest rate sensitivity gap</b>		-	112,287	-	-	-

### 29.1.3 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 statements of assets and liabilities as 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 20% of its net assets, or 20% of issued capital of the investee company.

In case of 5% increase / decrease in the fair value of the Fund's equity securities on June 30, 2019, net income for the year would increase / decrease by Rs. 39.93 million ( 2018: Rs 14.77 million ) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as at 'Fair value through profit or loss'.

## **29.2 Liquidity risk**

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

The Fund is exposed to non-payment of redemptions request on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

### **Management of liquidity risk**

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

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

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further the Fund also has the ability to suspend redemptions of units with the approval of Board of Directors of the Management Company in extraordinary circumstances.

An interval of six working days between the receipt of a redemption request and issuance of units against it provides a cushion in the repayment of on-demand redemption of units. However, during the year, no such option was exercised or considered necessary.

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

Particulars	June 30, 2019		
	Upto three months	More than three months and upto one	Over one year
Rupees in '000			
<b>Financial liabilities</b>			
Payable to UBL Fund Managers Limited - Management Company	3,765	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	148	-	-
Accrued expenses and other liabilities	3,705	-	-
<b>Total liabilities</b>	<b>7,618</b>	<b>-</b>	<b>-</b>

Particulars	June 30, 2018		
	Upto three months	More than three months and upto one	Over one year
Rupees in '000			
<b>Financial liabilities</b>			
Payable to UBL Fund Managers Limited - Management Company	6,264	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	35	-	-
Accrued expenses and other liabilities	34,132	-	-
<b>Total liabilities</b>	<b>40,430</b>	<b>-</b>	<b>-</b>

### 29.3 Credit risk

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

#### Management of credit risk

The Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to 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, the NBFC regulations and guidelines given by the SECP from time to time.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

- 29.3.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2019:

**Balances with banks by rating category**

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2019	Latest available published rating as at June 30, 2019
<b>Rupees in '000</b>			
Allied Bank Limited		5	AAA
United Bank Limited		64,583	AAA
Soneri Bank Limited		8	AA-
		<u>64,596</u>	

**Balances with banks by rating category**

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2018	Latest available published rating as at June 30, 2018
<b>Rupees in '000</b>			
United Bank Limited	JCR-VIS	112,287	AAA
		<u>112,287</u>	

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

	2019	2018
Rating by rating category	----- (Percentage) -----	
AAA	67	100
AA-	33	-
	<u>100</u>	<u>100</u>

**Concentration on credit risk**

Concentration of risk arises when a number of financial instruments or contracts are entered into the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Fund's major asset balances are held with a single bank. The management believes that these banks are reputed institution.

### **30 UNIT HOLDERS' FUND RISK MANAGEMENT**

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

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

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

### **31 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

As at June 30, 2019, the following financial instruments of the Fund are carried at fair value:

June 30, 2019			
	Level 1	Level 2	Level 3
	-----Rs in '000-----		
<b>At fair value through profit or loss</b>			
Investment in equity shares	798,595	-	-
June 30, 2018			
	Level 1	Level 2	Level 3
	-----Rs in '000-----		
<b>Available for sale</b>			
Investment in equity shares	295,416	-	-

During the year ended June 30, 2019, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

## 32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on 30-Aug-2019.

## 33 GENERAL

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

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

SD  
**CHIEF EXECUTIVE OFFICER**

SD  
**CHIEF FINANCIAL OFFICER**

SD  
**DIRECTOR**



## ***UBL Financial Sector Fund***

<b><i>Holding</i></b>	<b><i>Resolution</i></b>	<b><i>For</i></b>	<b><i>Against</i></b>	<b><i>Abstain*</i></b>
<b>3,826,500</b>	<p><i>Annual General Meeting of M/s Adamjee Insurance Comamy Limited was held on May 28, 2019, for election of directors. The following persons were elected as directors:</i></p> <p><i>1. Mr. Ibrahim Shamsi</i>  <i>2. Mr. Inran Vlagbool</i>  <i>3. Mr. Muhamnrad Anees</i>  <i>4. Mr. Muhamnrad Arif Hameed</i>  <i>5. Ms. Sadia Younas IVansha</i>  <i>6. Mr. Shaikh tVhammad Jawed</i>  <i>7. Mr. Umer Mansha</i></p>	✓		

***The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.***

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

<b><i>Holding</i></b>	<b><i>Resolution</i></b>	<b><i>For</i></b>	<b><i>Against</i></b>	<b><i>Abstain*</i></b>
<b>3,264,000</b>	<p><i>To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended December 31, 2018, Directors' and Auditors' reports thereon and the Chairman's Review Report.</i></p> <p><i>2. To declare and approve, as recommended by the directors, the payment of final cash dividend of Rs. 1.50 per share i.e. @ 15% in addition to 10% interim cash dividend already declared and paid i.e., total 25% for the year ended December 31, 2018.</i></p> <p><i>3. To appoint auditors and fix their remuneration. The members are hereby notified that the Board of Directors and the Audit Committee have recommended the name of M/s Deloitte Yousuf Adil &amp; Co. Chartered Accountants for appointment as auditors of the Company in place of retiring auditors, M/s KPMG Taseer Hadi &amp; Co. Chartered Accountants after completion of five years.</i></p>	✓		

<p>4. To consider and if thought fit, to pass the following resolution as special resolution with or without modification(s), addition(s) or deletion(s).</p> <p>RESOLVED THAT “the validity of special resolution passed in the Extraordinary General Meeting of the Company held on May 28, 2016 for investment of up to Rs. 625 million for purchase of 5,000,000 ordinary shares of Nishat Mills Limited, an associated company be and is hereby extended for further three years till May 28, 2022 to allow the Company to make balance investment till May 28, 2022 with other terms and conditions of the investment to remain unchanged”.</p> <p>RESOLVED FURTHER THAT “the Chief Executive and/or Company Secretary (the “Authorized Officers”) of the Company be and are hereby authorized and empowered on behalf of</p>			
---	--	--	--

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.**

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

<b>Holding</b>	<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain*</b>
<b>2,762,000</b>	<p>Extra ordinary general meeting held on 25 February 2019 “RESOLVED, by way of a special resolution in terms of Section 199 of the Companies Act, 2017, and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, that Adamjee Insurance Company Limited (the “Company”) be and is hereby authorized to invest up to a further PKR 401,200,515/- ( Rupees Four Hundred and One Million Two hundred Thousands Five Hundred and Fifteen Only) In Adamjee Life Assurance Company Limited by acquiring its 24,059,855 ordinary shares of par value Rs. 10/- each at a purchase price of approximately PKR 16.68/- per share from IVM Intersurer B.V. and its three nominee directors, subject to fulfillment of all applicable legal and regulatory requirements.”</p> <p>“FURTHER RESOLVED, that each of the Chief Executive Officer, the Chief Financial Officer, or the Company Secretary of the company, acting singly, be and is hereby empowered and authorized to act on behalf of the Company in signing any or all documents, instruments, and agreements, and in doing and performing any or all acts, matters, deeds and things, and in taking any or other all necessary actions, to implement and/or give effect to the foregoing resolution, including but not limited to procuring authorizations or permissions from statutory or regulatory bodies of competent jurisdictions, and in completing or submitting any or all applications, reports, letters, documents or all other formalities as may be necessary, incidental, or expedient in this regard.”</p>	✓		

***The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.***

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

<b><i>Holding</i></b>	<b><i>Resolution</i></b>	<b><i>For</i></b>	<b><i>Against</i></b>	<b><i>Abstain*</i></b>
<b>1,205,900</b>	<p><i>1. To receive, consider and adopt the Audited Accounts (consolidated and unconsolidated) of the Bank for the year ended December 31, 2018, together with the Reports of the Directors and Auditors thereon.</i></p> <p><i>2. To appoint Auditors for a term ending at the conclusion of the next Annual General Meeting at a fee of Rs. 25.954 million. In addition any Federal or Provincial taxes and reimbursements of out of pocket expenses will be paid at actuals. The retiring Auditors, A. F. Ferguson &amp; Co., Chartered Accountants, being eligible, have offered themselves for reappointment.</i></p> <p><i>3. To approve payment of a Final Cash Dividend of Rs. 1.25 per share, i.e. 12.5%, as recommended by the Directors to Shareholders as at close of business on March 19, 2019, which, Final Cash Dividend is in addition to the 30% Interim Cash Dividend (i.e. Rs. 3 per share) already paid.</i></p>	✓		

***The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.***

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

<b><i>Holding</i></b>	<b><i>Resolution</i></b>	<b><i>For</i></b>	<b><i>Against</i></b>	<b><i>Abstain*</i></b>
<b>1,273,900</b>	<p><i>To consider issue of fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative, contingent convertible, privately placed (subsequently listed) Additional Tier 1 (ADT-1) capital eligible Term Finance Certificates (TFC's) of up to Rs. 15 billion (inclusive of a green show option of Rs. 5 billion) for Capital Adequacy Ratio (CAR) purposes. In this regard, consider and pass the following resolutions as Special Resolutions, with or without modifications.</i></p> <p><i>“RESOLVED that, the issue of fully paid-up, rated, privately placed and subsequently listed, unsecured, subordinated, non-cumulative and contingent convertible Term Finance Certificates in aggregate of up to PKR 15 billion, in a single or multiple issues of redeemable capital, with or without green show options of up to PKR 5 Billion be and is hereby approved subject to all regulatory approvals.</i></p> <p><i>“Further Resolved that, President &amp; CEO, Chief Financial Officer, Head</i></p>	✓		

Corporate 7 Investment Banking and Company Secretary are hereby jointly 9any two) authorized to take all necessary steps and to do or cause to be done all such acts, deeds and things that maybe necessary for the issue of Term Finance Certificates on the Pakistan Stock Exchange and all other elated and / or ancillary formalities and to take such other steps, execute such other documents and make such corporate filings as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the above resolution.” The information as required under section 134(3) of the companies Act 2017 is being provided along with the Notice of the Extraordinary General Meeting being sent to the shareholders.			
--	--	--	--

**The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.**

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

<i>Holding</i>	<i>Resolution</i>	<i>For</i>	<i>Against</i>	<i>Abstain*</i>
659,300	<p>Notice is hereby given that the 60th Annual General Meeting (“AGM”) of the Shareholders of United Bank Limited (the “Bank” or “UBL”) will be held on Tuesday, 28 March 2019 at 09:30 a.m. at Islamabad Marriot Hotel, Islamabad to transact the following business:</p> <p>Ordinary Business:</p> <ol style="list-style-type: none"> <li>1. To confirm the minutes of the 59th Annual General Meeting held on 31 March 2018.</li> <li>2. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and Unconsolidated), statement of compliance with Listed Companies (code Of Corporate Governance) Regulations, 2017of the Bank for the year ended 31 December 2018 together with the Directors report and Auditors’ reports thereon.</li> <li>3. To consider, and if thought fit, approve and declare as recommended by the Board of Directors, final cash dividend at the rate of Rs. 3/- per share i.e. 30% in addition to 80% interim dividend already declared/paid for the year ended 31 December 2018.</li> <li>4. To consider, and thought fit, appoint single External Auditors to hold the office from this AGM till the conclusion of the next AGM of</li> </ol>	✓		

	<p><i>the Bank and to fix their remuneration. The retiring External Auditors namely, M/s A.F. Ferguson &amp; Company, Chartered Accountants have consented to be so appointed and the Board of Directors has recommended its appointment.</i></p> <p><i>Special Business:</i></p> <p><i>5. To consider, and if thought fit, approve/ratify the revision of the amount of remuneration paid/to be paid to the Non-Executive Directors of the Bank for attending the Board and/or Committees meetings and in that connection to pass the following resolutions, as ordinary resolutions, with or without modification, addition or deletion:</i></p> <p><i>“Resolved that USD 12,500/- will be paid to each Non-Executive Member of the Board of Directors of UBL including Chairman upon their attending per set of meetings which includes Board meeting and / or Committee(s) meeting(s), as well as meetings of Special Committees of the Board, provided all the meetings are held consecutively before or after the regular Board meeting.</i></p> <p><i>FURTHER RESOLVED that if a meeting of some special Committee of the Board is held at a place and time other than the regular Board</i></p> <p><i>meeting, then a fee of USD 5,000/- will be paid separately to each member of the Special Committee upon their attending the meeting.</i></p> <p><i>AND FURTHER RESOLVED that the following Daily Allowance will be paid to each Non-Executive Member of the Board of Directors of UBL including Chairman upon attending per set of meetings which includes Board meeting and / or Committee(s) meeting(s), as well as meetings of Special Committees of the</i></p> <p><i>Board:</i></p> <p><i>A. Where UBL makes boarding and lodging arrangements in respect of the above meetings:</i></p> <p><i>i. If the meeting is held in Pakistan: PKR 5,000/- per day per person for maximum 03 days</i></p> <p><i>ii. If meeting is held outside of Pakistan: USD 250/- per day per person for maximum 03 days</i></p> <p><i>B. Where Directors make their own boarding and lodging arrangements in respect of the above meetings:</i></p> <p><i>i. If the meeting is held in Pakistan: PKR 10,000/- per day per person for maximum 03 days</i></p> <p><i>ii. If meeting is held outside of Pakistan: USD 750/- per day per person for maximum 03 days</i></p> <p><i>AND FURTHER RESOLVED that the travelling expenses in respect of per set of meetings which includes Board meeting and/ or Committee(s) will be done by the Bank in Business Class of any airline for each Non-Executive Member of Board of Directors including Chairman for their attending the above meetings.</i></p> <p><i>AND FURTHER RESOLVED that the remuneration paid to the Non-Executive Directors of UBL including the Chairman during the year 2018, for attending the Board and / or Committees meetings as disclosed in the Note 41 of the Audited Financial Statements of the Bank for the year ended 31 December 2018, be and is hereby confirmed and approved on post facto basis.”</i></p>			
--	--	--	--	--

	<p>6. To consider and, if thought fit, approve transaction of asset and liability sale of UBL Bank (Tanzania) Limited to EXIM Bank Tanzania Limited, as approved and recommended by the Board of Directors of UBL, and pass the following resolutions, as special resolutions, with or without modification, addition or deletion:</p> <p>“RESOLVED that the binding letter of intent received from EXIM Bank Tanzania Limited for an asset and liability sale of UBL Bank (Tanzania) Limited for TZs 9.1B (equal to \$3.96m) be and is hereby accepted. (The said price is subjected to adjustment on the closing date of the transaction) FURTHER RESOLVED that the Board of Directors of UBL be and are hereby authorized to complete all the related regulatory, legal and other formalities of this transaction and to further authorize persons to deal and negotiate, execute and implement the transaction with the parties involved. AND FURTHER RESOLVED that the Board of Directors be and hereby authorized to initiate and complete the process for the winding up of UBL Bank (Tanzania) Limited subsequent to the consummation of this transaction.”</p> <p>7. To transact any other business with the permission of the Chairman A Statement of Material Facts covering the above mentioned Special Business, as required under Section 134(3) of the Companies Act, 201 and Statement of Material Facts covering the sale of the assets and liabilities of UBL Bank (Tanzania) Limited as required under S.R.O. 423 (I)/2018 dated 3 April 2018 is being sent to the members with the Notice AGM. Proxy forms in English and Urdu are also being sent to the members along with the Annual Report.</p>			
--	---	--	--	--

***The proxy voting policy of the Collective Investment Scheme is available on the website of the Asset Management Company and detailed information regarding actual proxies voted by the Asset Management Company in respect of the Collective Investment Scheme is also available without charge, upon request, to all unit holders.***

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

# UCPF-III

## UBL Capital Protected Fund - III

### INVESTMENT OBJECTIVE

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

<b>Management Company</b>	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>Auditor</b>	BDO Ebrahim & Co. Chartered Accountants
<b>Bankers</b>	Bank Alfalah Limited National Bank of Pakistan United Bank Limited
<b>Management Co.Rating</b>	AM1 (JCR-VIS)
<b>Fund Rating</b>	Fund not yet rated

## Fund Manager's Report – UBL Capital Protected Fund - III (UCPF-III)

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

- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
UCPF-III	1.10%	0.37%	0.16%	0.36%	0.05%	-0.33%	0.82%	0.19%	0.21%	0.01%	0.15%	-0.11%	3.01%
Benchmark	0.55%	0.16%	0.22%	0.51%	0.23%	-0.04%	1.03%	0.25%	0.57%	0.44%	0.61%	0.45%	5.08%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**  
UBL Capital Protected Fund III was launched on 26-Jan-17. The investment objective of the Fund is to protect the principal investment of the investors upon maturity by placing a significant portion of the Trust Property as TDR with a minimum AA- rated Bank, and remaining in equity market or any other SECP permitted investments to provide investors with better returns. The Fund has generated a return of 3.01% since inception. The net assets of the fund were PKR 0.312 mn at the end of FY19.
- vii) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-18	Jun-19
Placements with banks	83%	81%
Equities	8%	4%
T-bills	0%	0%



Spread Transactions	0%	0%
Cash	0%	1%
Others	9%	14%
Leverage	Nil	Nil

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

FY'19 Return:	3.01%
Standard Deviation (12m trailing):	1.58%
Sharpe Ratio (12m trailing):	(4.30)

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

Net Asset Value			NAV per unit		
30-Jun-19	30-Jun-18	Change	30-Jun-19	30-Jun-18	Change
Rupees (000)		%	Rupees		%
312,067	412,821	(24.41)	100.0366	100.6508	0.61

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

**Debt Market Review for FY19**

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

**Stock Market Review for FY19**

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average

market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

Equity market started the fiscal year on a positive note, with the benchmark index returning ~2% in the Jan-19. However delays in finalization of IMF program in the absence of any substantial alternative macroeconomic remedy dragged the stock market for the remaining fiscal year with the benchmark index registering a continual decline for the remaining 5 months. Among the sectors, Cement, Oil and Gas marketing, Refinery, Automobile and insurance were the major sector which negatively contributed in the index during the period under review.

- xi) 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 -----	
23 June 2019	-	9,544	3.1412	103.3020	100.1608

- xii) Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

There were no significant changes in the state of affairs during the year under review.

- xiii) Breakdown of unit holdings by size**

Range of Units	Number of Investors
	UCPF-III
0.0001 - 9,999.9999	26
10,000.0000 - 49,999.9999	22
50,000.0000 - 99,999.9999	7
100,000.0000 - 499,999.9999	4
500,000.0000 & Above	1
<b>Total</b>	<b>60</b>

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

There were no unit splits during the period.

- xv) **Disclosure of circumstances that materially affect any interests of unit holders**  
Investment are subject to credit and market risk.
- xvi) **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**  
No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

## **PERFORMANCE TABLE**

### UBL Capital Protected Fund - III

	2019	2018	2017
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>312,067</b>	412,821	427,205
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees</b>			
Class A units - Offer *	<b>100.0366</b>	101.7882	101.2926
- Redemption	<b>97.0355</b>	100.6508	100.1608
<b>RETURN OF THE FUND - %</b>			
Total Return of the Fund	<b>3.01</b>	0.49	1.71
Capital Growth (per unit)	<b>(0.11)</b>	0.49	0.16
Date of Income Distribution	<b>2-Jul-18</b>	-	42,905.00
Income Distribution	<b>0.4900</b>	-	1.55
Date of Income Distribution	<b>24-Jun-19</b>		
Income Distribution	<b>3.1412</b>		
<b>AVERAGE ANNUAL RETURN - %</b>			
Since Launch/ One Year	<b>3.01</b>	0.49	1.71
Two Year	<b>1.75</b>	1.10	0.00
Since Launch/ Three Year	<b>1.74</b>	0.00	0.00

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

Highest price per unit - Class A units - Offer	<b>103.3693</b>	102.42	104.18
Highest price per unit - Class A units - Redemption	<b>100.2682</b>	101.27	103.01
Lowest price per unit - Class A units - Offer	<b>99.5446</b>	98.94	100.56
Lowest price per unit - Class A units - Redemption	<b>96.5583</b>	97.84	99.44

\* Front-end load @ 1% is applicable

### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

### **PORTFOLIO COMPOSITION BY CATEGORY - %**

Placements with banks	<b>81.00</b>	83.00	82.00
Equities	<b>4.00</b>	8.00	14.00
others	<b>14.00</b>	9.00	4.00
Bank Balances	<b>1.00</b>		

### **PORTFOLIO COMPOSITION BY MARKET - %**

Debt Market	<b>96.00</b>	92.00	86.00
Equity Market	<b>4.00</b>	8.00	14.00

Note:

- The Launch date of Fund is 26 January 2017

## **DISCLAIMER**

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

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahr-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL CAPITAL PROTECTED FUND – III**

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

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Capital Protected Fund – III (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 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.

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 20, 2019





**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)  
REGULATIONS, 2017 BY UBL FUND MANAGERS LIMITED**

**NAME OF FUND:** UBL Capital Protected Fund - III

**YEAR ENDING:** JUNE 30, 2019

The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited (the Management Company) of UBL Capital Protected Fund - III (the Fund), for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of Corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2017 (the Regulations).

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
  - a. Male: Five Directors;
  - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid
	Ms. Naz Khan
Executive Directors	Mr. Yasir Qadri
Non - Executive Directors	Mr. Imran Sarwar
	Ms. Sadia Saeed
	Mr. Tauqeer Mazhar
	Syed Furrukh Zaeem

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The Management Company has placed the Whistle Blowing Policy, Proxy Policy and the Principles of the Code of Conduct (Statement of Ethics and Business Practice) on its website.
6. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 (the Act) and these Regulations.
7. The Board has a formal and effective mechanism in place for an annual evaluation of the Board's, Board Committee's and Board Member's own performance.
8. The Chairman of the Board is an Independent director. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act and these Regulations.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

**UBL FUND MANAGERS LIMITED**

☎ +92 21 111 825 262

✉ info@ublfunds.com

📍 4<sup>th</sup> Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

www.ublfunds.com

10. Following directors and executives have acquired the prescribed Director Training Program (DTP) certification:

**Directors**

- a. Mr. Imran Sarwar
- b. Mr. Tauqeer Mazhar
- c. Mr. Yasir Qadri
- d. Ms. Naz Khan
- e. Ms. Sadia Saeed
- f. Syed Furrukh Zaeem

**Executives**

- a. S.M. Aly Osman
- b. Mr. Amin Gulamani
- c. Mr. Ammar Valika
- d. Mr. Hadi Hassan Mukhi
- e. Mr. Umair Ahmed
- f. Mr. Zeeshan Quddus

11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

12. CFO and CEO duly endorsed the financial statements before approval of the Board.

13. The Board has formed committees comprising of members given below. The Board Audit Committee and the Board Human Resource & Compensation Committee are chaired by separate Independent directors:

- a. Board Audit Committee
  - i. Ms. Naz Khan (Chair),
  - ii. Mr. Imran Sarwar,
  - iii. Ms. Sadia Saeed,
  - iv. Mr. Tauqeer Mazhar.
- b. Board Human Resource & Compensation Committee
  - i. Mr. Azhar Hamid (Chairman),
  - ii. Ms. Naz Khan,
  - iii. Ms. Sadia Saeed,
  - iv. Syed Furrukh Zaeem,
  - v. Mr. Yasir Qadri.
- c. Board Risk & Compliance Committee
  - i. Mr. Imran Sarwar (Chairman),
  - ii. Mr. Azhar Hamid,
  - iii. Syed Furrukh Zaeem,
  - iv. Mr. Tauqeer Mazhar,
  - v. Mr. Yasir Qadri.

14. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.

**UBL FUND MANAGERS LIMITED**

☎ +92 21 111 825 262

✉ info@ublfunds.com

📍 4<sup>th</sup> Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.



www.ublfunds.com



15. The frequency of meetings of the Committee were as per following:
- Board Audit Committee : Quarterly Meeting-6 meetings held
  - Board Human Resource & Compensation Committee: 4 meetings held
  - Board Risk & Compliance Committee: Quarterly Meeting-4 meetings held
16. The Board has set up an independent and effective internal audit function and the audit personnel are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
17. 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) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
18. The Board Audit Committee recommends to the Board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the fund by the external auditors in addition to audit of its financial statements.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that any other significant requirements of the Regulations have been complied with.



**AZHAR HAMID**  
Chairman

Karachi.  
Dated: **August 30, 2019**



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF UBL CAPITAL PROTECTED FUND III ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 AS ADOPTED BY THE BOARD OF DIRECTORS OF UBL FUND MANAGERS LIMITED**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) as adopted by the Board of Directors (the Board) of UBL Fund Managers Limited, the Management Company of UBL Capital Protected Fund III (the Fund) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Fund's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Fund for the year ended June 30, 2019.

We draw attention to the following paragraph as detailed in the Statement of Compliance:

*"The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited, the Management Company of the Fund, for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of Corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2017 (The Code)."*

Accordingly, our opinion is in relation to Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017 as adopted by the Board of Directors of the Management Company.

KARACHI

DATED: AUGUST 30, 2019



CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of UBL Capital Protected Fund III ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to note 1.6 to the financial statements which states that the fund is due to mature on January 21, 2020. The Management Company has not applied to extend the term of the Fund. Accordingly, the financial statements of the Fund have been prepared on a basis other than Going Concern since the Management may allow the Fund to mature as per its constitutive document. However, no adjustments are required as the assets and liabilities are stated at the values at which they are expected to be realized or settled. Our opinion is not qualified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the Key audit matters:

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1.	<p><b>Adoption of IFRS 9</b></p> <p>Effective July 01, 2018, the Fund changed its accounting policies due to the application of the International Financial Reporting Standard: IFRS 9 "Financial Instruments" which supersedes the requirements of IAS 39 "Financial Instruments - Recognition and Measurement".</p> <p>IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new impairment model for financial assets. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Management has determined that the significant impact of the new standard on the Fund's financial statements relates to the disclosures required to be made by the new accounting standard in the financial statements.</p> <p>The Fund has used the exemption available in IFRS 9 not to restate comparative periods. Accordingly, comparative periods have not been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in net assets attributable to unit holders as at July 1, 2018.</p> <p>We considered this as a key audit matter since the adoption of the new accounting standard has a significant impact on the financial statements from recognition, classification &amp; measurement and disclosure perspective.</p> <p>Note 4.2 to the financial statements explains the impact of the adoption of the new accounting standard.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the analysis performed by management to identify all significant differences between previous accounting standard and the new accounting standard which can impact the financial statements;</li> <li>• Reviewed 'Investment Classification Model' of the management for analysis of 'Business Model' assessment and 'Contractual Cash Flow Characteristics' test for classification of financial assets;</li> <li>• Reviewed management's assessment of the impact of new accounting standard on the Fund's financial statements;</li> <li>• Evaluated the key decisions made by the Fund with respect to accounting policies, estimates and judgments in relation to adoption of the new accounting standard and assessed their appropriateness based on our understanding of the Fund's business and its operations;</li> <li>• Evaluated the adequacy and appropriateness of disclosures made in the financial statements in relation to adoption of the new accounting standard.</li> </ul>

S.No.	Key audit matter(s)	How the matter was addressed in our audit
2.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2019, the investments held by the Fund comprised of debt instruments which represent 81% of the total assets of the Fund as at the year end.</p> <p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We tested controls over acquisition, disposals and periodic valuation of debt instruments portfolio and performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations.</li> <li>• We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and constitutive documents in relation to the concentration of debt instruments and exposure limits prescribed in such Regulations and documented and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance.</li> <li>• We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the debt instruments portfolio in accordance with the requirements of the Regulations and whether the Fund's disclosures in relation to the valuation of debt instruments are compliant with the relevant accounting standards.</li> </ul>



S.No.	Key audit matter(s)	How the matter was addressed in our audit
3.	<p><b>Recognition, measurement and presentation of 'Element of Income'</b></p> <p>Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income.</p> <p>As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund. Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'.</p> <p>The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed. However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.</p> <p>Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss, bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed" and checked the accuracy of refund of capital value at the time of distribution.</li> <li>• We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss.</li> <li>• We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund.</li> <li>• We evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.</li> </ul>

#### **Information other than the financial statements and auditor's report thereon**

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Management Company and its Board of Directors**

The Management Company ("UBL Fund Managers Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan 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.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Management Company is responsible for overseeing the Fund's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Report on other legal and regulatory requirements**

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 30 AUG 2019

  
 BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

**UBL CAPITAL PROTECTED FUND III**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	<b>----- (Rupees in '000) -----</b>
<b>ASSETS</b>			
Bank balances	5	2,709	221
Term deposit receipts	6	254,014	343,883
Investments	7	14,095	33,497
Mark-up / interest receivable	8	40,460	32,023
Dividend receivable		-	205
Deposits and prepayments	9	2,651	2,735
Advance tax	10	328	328
Preliminary expenses and floatation costs	11	433	1,178
<b>TOTAL ASSETS</b>		<b>314,690</b>	<b>414,070</b>
<b>LIABILITIES</b>			
Payable to UBL Fund Managers Limited - Management Company	12	260	374
Payable to Central Depository Company of Pakistan Limited - Trustee	13	38	50
Payable to Securities and Exchange Commission of Pakistan	14	242	315
Accrued expenses and other liabilities	15	2,083	510
<b>TOTAL LIABILITIES</b>		<b>2,623</b>	<b>1,249</b>
<b>NET ASSETS</b>		<b>312,067</b>	<b>412,821</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>312,067</b>	<b>412,821</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	16		
		<b>----- (Number of units) -----</b>	<b>----- (Number of units) -----</b>
<b>NUMBER OF UNITS IN ISSUE</b>	17	<b>3,119,525</b>	<b>4,101,515</b>
		<b>----- (Rupees) -----</b>	<b>----- (Rupees) -----</b>
<b>NET ASSETS VALUE PER UNIT</b>		<b>100.0366</b>	<b>100.6508</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**SD**  
**CHIEF EXECUTIVE OFFICER**

**SD**  
**CHIEF FINANCIAL OFFICER**

**SD**  
**DIRECTOR**

**UBL CAPITAL PROTECTED FUND III**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 ----- (Rupees in '000) -----	2018 ----- (Rupees in '000) -----
<b>INCOME</b>			
Financial income	18	17,669	23,084
Dividend income		412	1,380
Capital loss on sale of investment - net		(1,482)	(6,207)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	7.1	(4,844)	(7,858)
Other income		3,252	405
		15,007	10,804
Impairment on equity shares - available for sale		-	(2,065)
<b>Total income</b>		15,007	8,739
<b>EXPENSES</b>			
Remuneration of UBL Fund Managers Limited - Management Company	12.1	2,416	3,145
Sindh Sales tax on Management Company's remuneration	12.2	314	409
Remuneration of Central Depository Company of Pakistan Limited - Trustee	13.1	473	616
Annual fee of Securities and Exchange Commission of Pakistan	14.1	242	315
Allocated expenses	20	322	419
Bank charges		8	84
Auditors' remuneration	19	271	298
Brokerage and settlement expenses		364	419
Amortization of preliminary expenses and floatation costs		745	745
Legal and professional charges		208	152
Fees and subscription charges		28	28
Other expenses		95	106
<b>Total operating expenses</b>		5,486	6,736
<b>Net income from operating activities</b>		9,521	2,003
Provision for Sindh Workers' Welfare Fund	15.1	(187)	(40)
<b>Net income for the year before taxation</b>		9,334	1,963
Taxation	21	-	-
<b>Net income for the year after taxation</b>		9,334	1,963
<b>Allocation of net income for the year</b>			
Income already paid on units redeemed		(529)	(47)
<b>Net income for the year available for distribution</b>		8,805	1,916
<b>Net income for the year available for distribution</b>			
Relating to capital gains		-	-
Excluding capital gains		8,805	1,916
Earnings per unit	22	8,805	1,916

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**SD**

**CHIEF EXECUTIVE OFFICER**

**SD**

**CHIEF FINANCIAL OFFICER**

**SD**

**DIRECTOR**

**UBL CAPITAL PROTECTED FUND III**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b>	<b>2018</b>
	<b>----- (Rupees in '000) -----</b>	
Net income for the year	9,334	1963
Other comprehensive income		
Items that may be reclassified subsequently to income statement		
Unrealized gain on revaluation of investments		
classified as 'available for sale' - net	-	55
Items that will not be reclassified subsequently to income statement	-	-
Total comprehensive income for the year	<u>9,334</u>	<u>2,018</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

SD

**CHIEF EXECUTIVE OFFICER**

SD

**CHIEF FINANCIAL OFFICER**

SD

**DIRECTOR**

**UBL CAPITAL PROTECTED FUND III**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	9,334	1,963
Adjustments for:		
Financial income	(17,669)	(23,084)
Dividend income	(412)	(1,380)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	4,844	7,858
Capital loss on sale of investment - net	1,482	6,207
Provision for Sindh Workers' Welfare Fund	187	40
Amortization of preliminary expenses and floatation costs	745	745
Impairment on equity shares - available for sale	-	2,065
	(10,823)	(7,549)
<b>Cash used in operations before working capital changes</b>	(1,489)	(5,586)
<b>Working capital changes</b>		
<b>Decrease / (increase) in assets</b>		
Investments - net	13,076	10,466
Term deposit receipts	89,869	13,066
Advance tax	-	(52)
Deposits and prepayments	84	85
	103,029	23,565
<b>(Decrease) / increase in liabilities</b>		
Payable to UBL Fund Managers Limited - Management Company	(114)	(4,854)
Payable to Central Depository Company of Pakistan Limited - Trustee	(12)	(2)
Annual fee payable to Securities and Exchange Commission of Pakistan	(73)	179
Accrued expenses and other liabilities	1,386	(491)
	1,187	(5,168)
Profit received on bank balances and term deposit receipts	9,232	879
Dividend received	617	1,241
<b>Net cash generated from operating activities</b>	112,576	14,931
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	9,847	580
Payment against redemption of units	(108,381)	(16,982)
Dividend paid	(11,554)	-
<b>Net cash used in financing activities</b>	(110,088)	(16,402)
<b>Net increase / (decrease) in cash and cash equivalents</b>	2,488	(1,471)
<b>Cash and cash equivalents at the beginning of the year</b>	221	1,692
<b>Cash and cash equivalents at the end of the year</b>	2,709	221
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	2,709	221
	2,709	221

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**SD**

**SD**

**SD**

**CHIEF EXECUTIVE OFFICER**

**CHIEF FINANCIAL OFFICER**

**DIRECTOR**

UBL CAPITAL PROTECTED FUND III  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

2019				2018				
Capital value	Undistributed loss	Unrealised diminution on re-measurement of investments classified as 'fair value through other comprehensive income' (June 30, 2018: 'available for sale' - net	Total	Capital value	Undistributed loss	Unrealised diminution on re-measurement of investments classified as 'available for sale' - net	Total	
(Rupees in '000)				(Rupees in '000)				
Net assets at the beginning of the year	410,162	2,604	55	412,821	426,517	688	-	427,205
Transfer of unrealised appreciation on re-measurement of investments classified as available for sale' - net to undistributed income upon adoption of IFRS-9	-	55	(55)	-	-	-	-	-
Issuance of 98,439 units (2018: 5,809 units)								
Capital value of units	9,860	-	-	9,860	582	-	-	582
Element of income during the year	(13)	-	-	(13)	(2)	-	-	(2)
Due to net loss incurred		-	-		-	-	-	
<b>Total proceeds on issuance of units</b>	<b>9,847</b>			<b>9,847</b>	<b>580</b>			<b>580</b>
Redemption of 1,080,429 units (2018: 169,484 units)								
Capital value of units	(108,217)	-	-	(108,217)	(16,976)	-	-	(16,976)
Element of income during the year	-	-	-	-	6	-	-	6
Due to deficit in available for sale securities		-	-		-	-	-	
Due to net loss incurred / (net income) earned	365	(529)	-	(164)	35	(47)	-	(12)
<b>Total payments on redemption of units</b>	<b>(107,852)</b>	<b>(529)</b>		<b>(108,381)</b>	<b>(16,935)</b>	<b>(47)</b>		<b>(16,982)</b>
Total comprehensive income for the year	-	9,334	-	9,334	-	1,963	55	2,018
Distribution during the year	-	-	-	-	-	-	-	-
Re. 0.4900 per unit declared on July 2, 2018 as annual cash dividend	-	(2,010)	-	(2,010)	-	-	-	-
Re. 3.1412 per unit declared on June 23, 2019 as interim cash dividend	-	(9,544)	-	(9,544)	-	-	-	-
<b>Net income for the year less distribution</b>	<b>-</b>	<b>(2,220)</b>		<b>(2,220)</b>	<b>-</b>	<b>1,963</b>	<b>55</b>	<b>2,018</b>
<b>Net assets at the end of the year</b>	<b>312,157</b>	<b>(90)</b>		<b>312,067</b>	<b>410,162</b>	<b>2,604</b>	<b>55</b>	<b>412,821</b>
Undistributed income brought forward comprises of:								
Realised gain		10,462	-	10,462		1,443	-	1,443
Unrealised gain		(7,858)	55	(7,803)		(755)	-	(755)
Total undistributed income brought forward		2,604	55	2,659		688	-	688
Transfer of unrealised appreciation on re-measurement of investments classified as available for sale' - net to undistributed income upon adoption of IFRS-9		55	(55)	-				
<b>Income available for distribution:</b>								
Relating to capital gains	-	-	-	-	-	-	-	-
Excluding capital gains	8,805	-	8,805		1,916	-	1,916	
	8,805	-	8,805		1,916	-	1,916	
Distribution during the year:								
Re. 0.4900 per unit declared on July 2, 2018 as annual cash dividend		(2,010)	-	(2,010)		-	-	-
Re. 3.1412 per unit declared on June 23, 2019 as interim cash dividend		(9,544)	-	(9,544)		-	-	-
<b>Undistributed income carried forward</b>		<b>(90)</b>		<b>(90)</b>		<b>2,604</b>		<b>2,604</b>
<b>Undistributed income carried forward comprises of:</b>								
Realised gain	4,754	-	4,754		10,462	-	10,462	
Unrealised loss	(4,844)	-	(4,844)		(7,858)	-	(7,858)	
<b>Total undistributed income carried forward</b>	<b>(90)</b>		<b>(90)</b>		<b>2,604</b>		<b>2,604</b>	
(Rupees)				(Rupees)				
Net assets value per unit at the beginning of the year / period	100.6508			100.1608				
Net assets value per unit at the end of the year / period	100.0366			100.6508				

The annexed notes from 1 to 34 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD  
CHIEF EXECUTIVE OFFICER

SD  
CHIEF FINANCIAL OFFICER

SD  
DIRECTOR

**UBL CAPITAL PROTECTED FUND III**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

- 1.1 UBL Capital Protected Fund III (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under the Trust Deed, dated October 21, 2016 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund has been registered as a notified entity on January 26, 2017 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 4th floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is a capital protected scheme and units of the Fund are listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorised as an open-ended capital protected scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4 The principal activity of the Fund is to protect the principal investment of investors upon maturity by placing the significant portion of trust property as Term Deposit Receipt with a minimum AA-rated bank, and remaining in equity market or any other SECP permitted investments to provide investor with better return.
- 1.5 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.
- 1.6 The Fund is due to mature on January 25, 2020. The Management Company has not applied to extend the term of the Fund. Accordingly, the financial statements of the Fund have been prepared on a basis other than going concern since the Management Company may mature the Fund as per its constitutive document. However, no adjustments are required as the assets and liabilities are stated at the values at which they are expected to be realized or settled.
- 1.7 VIS Credit Rating Company Limited has assigned an asset manager quality rating of 'AM1' (stable outlook) to the Management Company as at December 27, 2018.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed. Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

### **2.2 Basis of measurement**

As stated in note 1.6, the Fund is due to mature on January 25, 2020. Accordingly, these financial statements have been prepared on the basis as stated therein.

### **2.3 Functional and presentation currency**

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

### **2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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



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

#### **Classification and valuation of investments**

For details please refer notes 4.2.1.1 and 24 to these financial statements.

#### **Impairment of investment**

For details please refer notes 4.2.1.2 to these financial statements.

#### **Provision for taxation**

For details please refer notes 4.8 and 21 to these financial statements.

#### **Sindh Workers' Welfare Fund**

For details please refer note 15.1 to these financial statements.

#### **Other assets**

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

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

#### **3.1 Amendments that are effective in current year and are relevant to the Fund**

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

	<b>Effective date (annual periods beginning on or after)</b>
Conceptual Framework for Financial Reporting 2018 - Original Issue	March 01, 2018
IAS 7 Financial Instruments : Disclosures - additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 9 Financial Instruments - reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	July 01, 2018

		<b>Effective date (annual periods beginning on or after)</b>
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018
IAS 39	Financial Instruments: Recognition and Measurements-amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	July 01, 2018

### **3.2 Standards / amendments that are effective in current year and not relevant to the Fund**

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

IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 5	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 8	Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 15	Original issue	July 01, 2018
IFRS 15	Clarifications to IFRS 15	July 01, 2018
IAS 40	Investment Property - amendments to clarify transfers of property to, or from, investment property	January 01, 2018

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

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

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

### 3.3 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.		January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 8	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 19	Employee benefits - amendments regarding plan amendments, curtailments or settlements	January 01, 2019

		<b>Effective date (annual periods beginning on or after)</b>
IAS 17	Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - amendments regarding long-term interests in associates and joint ventures	January 01, 2019

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

**Annual improvements to IFRSs (2015 – 2017) Cycle:**

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

**3.4 Standards or interpretations not yet effective**

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned against the respective standard:

IFRS 16	Leases	January 01, 2019
---------	--------	---------------------

The Funds expects that the adoption of IFRS 16 will not have any material impact and therefore will not affect the Funds's financial statements in the period of initial application.

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

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

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

## **4 SIGNIFICANT ACCOUNTING POLICIES**

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

### **4.1 Cash and cash equivalents**

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

### **4.2 Financial instruments**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for reporting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

#### **4.2.1 Financial assets**

##### **4.2.1.1 Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

**Debt investments at FVOCI** These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

		Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
	Note			----- (Rupees in '000) -----	
<b>Financial assets</b>					
Investments	(a)	Held for trading	Fair value through profit or loss	29,817	29,817
Investments	(b)	Available for sale	Fair value through profit or loss	3,680	3,680
Interest/ mark up receivable	(c)	Loans and receivables	Amortised cost	32,023	32,023
Bank balances	(c)	Loans and receivables	Amortised cost	221	221
Term Deposit Receipts (TDRs)	(c)	Loans and receivables	Amortised cost	343,883	343,883
Deposits	(c)	Loans and receivables	Amortised cost	2,600	2,600
				<u>412,224</u>	<u>412,224</u>

- (a) These financial assets classified as 'Held for trading' have been classified as fair value through profit or loss (FVTPL)
- (b) The Fund has not made an irrevocable election upon adoption of IFRS 9 to present in other comprehensive income subsequent changes in the fair value of investments in equity instruments under IFRS 9 and accordingly all investments in equity instruments have been classified as fair value through profit or loss (FVTPL).
- (c) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

#### **4.2.1.2 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

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.

For financial assets classified as 'at amortized cost', 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.

#### **4.2.1.3 Transition**

The Fund has used the exemption not to restate comparative periods. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39, therefore, the Fund transferred the balance of unrealised appreciation on remeasurement of investments classified as 'available for sale - net' amounting to Rs. 0.055 million to undistributed income on July 1, 2018 in statement of movement in unit holders' fund.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is
- The revocation of previous designations of certain financial assets measured at FVTPL.

#### **4.2.1.4 Regular way contracts**

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



#### **4.2.1.5 Derecognition**

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

#### **4.3 Financial liabilities**

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities.

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

#### **4.4 Offsetting of financial assets and liabilities**

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

#### **4.5 Derivatives**

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

#### **4.6 Provisions**

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

#### **4.7 Collaterals**

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

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

#### **4.8 Taxation**

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

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes.

In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.9 Preliminary expenses and floatation cost**

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

#### **4.10 Proposed distributions**

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

#### **4.11 Issuance and redemption of units**

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

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

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

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.13 Net asset value per unit**

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

#### **4.14 Revenue recognition**

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

#### **4.15 Foreign currency transactions**

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

#### **4.16 Transactions with related parties / connected persons**

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

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

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>5</b>	<b>BANK BALANCES</b>		
Cash at bank			
In savings accounts	5.1	<u>2,709</u>	<u>221</u>
5.1	Profit rates on these savings accounts range between 3.75% to 9% per annum (June 30, 2018: 3.75% to 5.3%). This includes an amount of Rs. 0.386 million (2018: Rs. 0.014 million) held by a related party (United Bank Limited) on which return is earned at 8.25% (June 30, 2018: 5%).		
<b>6</b>	<b>TERM DEPOSIT RECEIPTS</b>		
Opening balance		343,883	356,949
Acquired during the year		97,811	-
Disposed during the year	6.1	<u>187,680</u>	<u>13,066</u>
Closing balance	6.2	<u>254,014</u>	<u>343,883</u>
6.1	These Term Deposit Receipts (TDRs) having face value of Rs. 187.680 million (2018: Rs.13.066 million) carrying interest rate ranging from 5.60% to 6.60% (2018: 3.75% to 5.10%) were pre-matured during the year.		
6.2	These Term Deposit Receipts (TDRs) carry profit of 6.60% having maturity till January 2020.		
<b>7</b>	<b>INVESTMENTS</b>		
Investment in equity shares			
Financial assets classified as at fair value through profit or loss	7.1	14,095	29,817
Financial assets classified as at fair value through other comprehensive income (June 30, 2018: Available for sale)	7.2 & 7.2.1	<u>-</u>	<u>3,680</u>
		<u>14,095</u>	<u>33,497</u>

## 7.1 Financial assets classified as at fair value through profit or loss

Shares of listed companies-Fully paid up ordinary shares of Rs.10 each, unless stated otherwise.

Name of investee company		Number of shares					Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised loss on revaluation of investments classified as financial asset 'at fair value through profit or loss' - net	Market value as at June 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total value of investment	
		As at July 01, 2018	Purchased/ bonus received during the year	Sold during the year	Transferred in during the year due to adoption of IFRS 9	As at June 30, 2019							
		Number of shares					(Rupees in '000)						
<b>AUTOMOBILE SECTOR</b>													
Honda Atlas Cars (Pakistan) Limited		-	-	9,000	9,000	-	-	-	-	-	0.00%	0.00%	
		-	-	9,000	9,000	-	-	-	-	-	0.00%	0.00%	
<b>CEMENT</b>													
Cherat Cement Company Limited		33,500	-	33,500	-	-	-	-	-	3,257	0.00%	0.00%	
Lucky Cement Limited		5,000	-	1,500	-	3,500	1,778	1,332	(446)	2,540	0.43%	9.45%	
		38,500	-	35,000	-	3,500	1,778	1,332	(446)	5,797	0.43%	9.45%	
<b>FERTILIZER</b>													
Engro Fertilizers Limited		25,000	-	20,000	-	5,000	375	320	(55)	1,873	0.10%	2.27%	
Fauji Fertilizer Company Limited		-	3,000	-	-	3,000	269	262	(7)	-	0.08%	1.86%	
		25,000	3,000	20,000	-	8,000	644	582	(62)	1,873	0.10%	4.13%	
<b>PHARMACEUTICALS</b>													
Highnoon Laboratories Limited		967	96	-	-	1,063	397	269	(128)	397	0.09%	1.91%	
The Searle Company Limited		972	70	500	-	542	160	79	(81)	330	0.03%	0.56%	
		1,939	166	500	-	1,605	557	348	(209)	727	0.11%	2.47%	
<b>POWER GENERATION &amp; DISTRIBUTION</b>													
The Hub Power Company Limited		6,400	774	-	-	7,174	629	565	(64)	590	0.18%	4.01%	
Pakgen Power Limited		-	102,000	-	-	102,000	1,356	1,446	90	-	0.46%	10.26%	
K-Electric Limited		-	160,000	-	-	160,000	765	702	(63)	-	0.22%	4.98%	
		6,400	262,774	-	-	269,174	2,750	2,713	(37)	590	0.18%	19.25%	
<b>CHEMICALS</b>													
I. C. I. Pakistan Limited		2,600	-	2,600	-	-	-	-	-	2,084	0.00%	0.00%	
		2,600	-	2,600	-	-	-	-	-	2,084	0.00%	0.00%	
<b>ENGINEERING</b>													
International Steels Limited		23,900	-	12,500	-	11,400	1,159	453	(706)	2,431	0.15%	3.21%	
		23,900	-	12,500	-	11,400	1,159	453	(706)	2,431	0.15%	3.21%	
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>													
Mari Petroleum Company Limited		4,500	450	-	-	4,950	6,778	4,996	(1,782)	6,778	1.60%	35.45%	
		4,500	450	-	-	4,950	6,778	4,996	(1,782)	6,778	1.60%	35.45%	
<b>TEXTILE COMPOSITE</b>													
Nishat Mills Limited		33,800	-	13,800	-	20,000	2,818	1,867	(951)	4,762	0.60%	13.25%	
		33,800	-	13,800	-	20,000	2,818	1,867	(951)	4,762	0.60%	13.25%	
<b>Commercial Bank</b>													
Habib Bank Limited		-	-	-	5,000	5,000	832	566	(266)	-	0.18%	4.02%	
		-	-	-	5,000	5,000	832	566	(266)	-	0.18%	4.02%	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>													
Thal Limited *		10,000	-	6,600	-	3,400	1,623	1,238	(385)	4,775	0.40%	8.78%	
		10,000	-	6,600	-	3,400	1,623	1,238	(385)	4,775	0.40%	8.78%	
<b>Total June 30, 2019</b>		<b>146,639</b>	<b>266,390</b>	<b>100,000</b>	<b>14,000</b>	<b>327,029</b>	<b>18,939</b>	<b>14,095</b>	<b>(4,844)</b>	<b>29,817</b>	<b>0%</b>	<b>100%</b>	
<b>Total June 30, 2018</b>		<b>203,824</b>	<b>815</b>	<b>58,000</b>	<b>-</b>	<b>146,639</b>	<b>37,676</b>	<b>29,817</b>	<b>-</b>				

\* Face value is Rs. 5 per share.

7.1.1 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 High Court of Sindh 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 High Court of Sindh has granted stay order till the final outcome of the case. In prior year, the investee companies of the Fund, in pursuance of the aforesaid amendment, withheld shares equivalent to 5% of bonus entitlement of the Fund having fair market value of Rs. 0.021 million (2018: Rs. 0.0637 million) at current year end. Such shares have not been deposited by the investee companies in CDC account of Income Tax department. The Fund has included in its investment the shares withheld and recorded these at fair market value at year end. Moreover, the requirement to deduct tax on bonus shares has been withdrawn through Finance Act, 2018.

7.1.2 The above securities include 12,600 shares pledged with the National Clearing Company of Pakistan Limited having a market value (in aggregate) amounting to Rs. 1.386 million for guaranteeing settlement of the Fund's trade in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

7.2 Financial assets classified as at fair value through other comprehensive income (June 30, 2018: Available for sale)

Name of investee company	Number of shares					Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain on re-measurement of investments as at June 30, 2019	Market value as at June 30, 2018	Market value as a percentage of total value of investments	Market value as a percentage of total value of investments
	As at July 01, 2018	Purchased / bonus received during the year	Sold during the year	Transferred out during the year due to adoption of IFRS 9	As at June 30, 2019						
	Number of shares										
Commercial Bank	5,000	-	-	(5,000)	-	-	-	-	832	0.00%	0.00%
Habib Bank Limited	5,000	-	-	(5,000)	-	-	-	-	832		
Automobile Assembler	9,000	-	-	(9,000)	-	-	-	-	2,848	0.00%	0.00%
Honda Atlas Cars (Pakistan) Limited	9,000	-	-	(9,000)	-	-	-	-	2,848		
	14,000	-	-	(14,000)	-	-	-	-	3,680		

7.2.1 As mentioned in note 4.2.1 to these financial statements, after the adoption of IFRS 9, investments in equity securities held by the Fund as 'Available for sale' have been classified as financial assets at 'fair value through profit or loss' on July 1, 2018.

**2019**                      **2018**  
----- (Rupees in '000) -----

**8 MARK-UP / INTEREST RECEIVABLE**

Markup / interest receivable on:

Savings accounts

Term deposit receipts

31	6
40,429	32,017
<u>40,460</u>	<u>32,023</u>

**9 DEPOSITS AND PREPAYMENTS**

CDS deposit

NCCPL deposit

Prepaid expenses - others

100	100
2,500	2,500
51	135
<u>2,651</u>	<u>2,735</u>

**10 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, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During prior years, prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 150 of ITO 2001, on banking transactions and on receipt of dividend. The management is confident that the same shall be refunded by tax authorities in due course.

		2019	2018
	Note	----- (Rupees in '000) -----	
<b>11</b>	<b>PRELIMINARY EXPENSES AND FLOATATION COSTS</b>		
	Preliminary expenses and floatation costs	1,178	1,923
	Amortisation during the year	(745)	(745)
	Balance as at June 30, 2019	<u>433</u>	<u>1,178</u>

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

**12 PAYABLE TO UBL FUND MANAGERS LIMITED  
- MANAGEMENT COMPANY**

Remuneration payable (including Sindh Sales Tax)	12.1 & 12.2	218	288
Formation cost and other payable		16	17
Allocated expenses payable	20	<u>26</u>	<u>69</u>
		<u>260</u>	<u>374</u>

12.1 As per the NBFC Regulations, the Management Company is entitled to remuneration of an amount not exceeding 1% of average annual net assets of the Fund. The Management Company has charged remuneration at the rate of 0.75% of the net assets of the Fund calculated on a daily basis. The fee is payable monthly in arrears.

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

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

Trustee fee payable (including Sindh Sales tax)	13.1 & 13.2	<u>38</u>	<u>50</u>
---	-------------	-----------	-----------

13.1 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 applicable to the Fund in respect of the Trustee fee during the year ended June 30, 2019 is 0.13% of net assets.

- 13.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the trustee fee through the Sindh Sales Tax on Services Act, 2011.

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	<b>-----</b>
<b>14</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
Annual fee payable	14.1	<u>242</u>	<u>315</u>
14.1	Under the provisions of the NBFC Regulations, a collective investment scheme classified as capital protected scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the Fund.		
<b>15</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration payable		174	168
Brokerage expense payable		9	1
Legal and professional fee payable		62	11
Zakat deducted at source payable		143	107
Withholding tax payable		1,298	-
Provision for Sindh Workers' Welfare Fund	15.1	371	184
NCCPL transaction expense payable		-	39
Dividend payable		16	-
Other expenses		10	-
		<u>2,083</u>	<u>510</u>

#### **15.1 Provision for Sindh Workers' Welfare Fund**

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



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

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

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

Based on above, provision against SWWF amounting to Rs. 0.371 million (2018: Rs.0.184 million) has been made. Had this provision not been made, the net asset value of the Fund would have been higher by Re. 0.1189 per unit (2018: Re. 0.045 per unit).

## 16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

	2019	2018
	----- (Number of units) -----	
<b>17 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	4,101,515	4,265,190
Add: Units issued	98,439	5,809
Less: Units redeemed	(1,080,429)	(169,484)
Total units in issue at the end of the year	<u>3,119,525</u>	<u>4,101,515</u>

## 18 FINANCIAL INCOME

Markup/interest income on:

Bank balances	322	76
Term deposit receipts	17,347	23,008
	<u>17,669</u>	<u>23,084</u>

2019	2018
-----	-----
(Number of units)	(Number of units)

## 19 AUDITORS' REMUNERATION

Annual audit fee	124	116
Fee for half yearly review	49	47
Fee for the review of compliance with the requirements of the Code of Corporate Governance	16	16
Fee for other certifications/services	25	23
Out of pocket expenses and sales tax	57	96
	<u>271</u>	<u>298</u>

## 20 ALLOCATED EXPENSES

As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme. Previously, the Fund was required to charge such expenses up to a maximum of 0.1% of the average annual net assets or the actual cost whichever is lower. The SECP, vide S.R.O 639(I)/2019 dated June 20, 2019, has withdrawn the requirement to restrict allocated expenses up to a maximum of 0.1% of the average annual net assets. During the year, the Management Company has continued to charge 0.1% of the average annual net assets.

## 21 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. The Management Company has distributed by way of cash dividend at least 90% of the aforementioned net accounting income earned by the fund to the unit holders. Accordingly, no provision for current and deferred tax has been made in these financial statements.

## 22 EARNINGS PER UNIT

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

## 23 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 1.76% as on June 30, 2019 and this includes 0.25% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

## 24 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2019, the financial assets carried on the statement of assets and liabilities are categorised either as 'amortized cost', 'at fair value through profit or loss' or 'fair value through other comprehensive income'. The financial liabilities carried on the statement of assets and liabilities are categorised as amortised cost i.e. liabilities other than 'at fair value through profit or loss'.

Particulars	As at June 30, 2019			Total
	Amortized Cost	Financial assets 'at fair value through profit or loss'	Financial assets 'at fair value through other comprehensive income'	

Rupees in '000

### Financial assets

Bank balances	2,709	-	-	2,709
Term deposit receipts	254,014	-	-	254,014
Investments	-	14,095	-	14,095
Mark-up / interest receivable	40,460	-	-	40,460
Deposits	2,600	-	-	2,600
	299,783	14,095	-	313,878

Particulars	As at June 30, 2018			Total
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Financial assets 'available for sale'	

### Financial assets

Bank balances	221	-	-	221
Term deposit receipts	343,883	-	-	343,883
Investments - held for trading	-	29,817	-	29,817
Investments - available for sale	-	-	3,680	3,680
Mark-up / interest receivable	32,023	-	-	32,023
Dividend receivable	205	-	-	205
Deposits	2,600	-	-	2,600
	378,932	29,817	3,680	412,429

Particulars	As at June 30, 2019		
	Financial liabilities 'at fair value through profit or loss'	Amortized Cost	Total
Rupees in '000			
<b>Financial liabilities</b>			
Payable to UBL Fund Managers Limited - Management Company	-	230	230
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	34	34
Accrued expenses and other liabilities	-	271	271
	-	535	535

Particulars	As at June 30, 2018		
	Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
Rupees in '000			
<b>Financial liabilities</b>			
Payable to UBL Fund Managers Limited - Management Company	-	331	331
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	44	44
Accrued expenses and other liabilities	-	219	219
	-	594	594

## 25 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE

June 30, 2019 (Percentage)		
1	Adam Securities (Private) Limited.	38.0%
2	LGI Finex Securities Limited	23.8%
3	Arif Habib Limited	12.6%
4	Habib Metropolitan Financial Services Limited	6.3%
5	Intermarket Securities Limited	6.1%
6	Next Capital Limited	3.8%
7	Foundation Securities (Private) Limited	3.0%
8	BMA Capital Management Limited	2.2%
9	Al- Hoqani Sec& Inv Corp (Private) Limited	1.7%
10	Topline Securities (Private) Limited	1.7%
		<b>99.2%</b>

June 30, 2018 (Percentage)		
1	IGI Finex Securities Limited	40.7%
2	Taurus Securities Limited	18.9%
3	Insight Securities (Private) Limited	14.8%
4	DJM Securities (Private) Limited	9.4%
5	Topline Securities (Private) Limited	4.5%
6	Adam Securities (Private) Limited	4.4%
7	Arif Habib Limited	3.0%
8	EFG Hermes Pakistan Limited	2.1%
9	BMA Capital Management Limited	1.2%
10	Foundation Securities (Private) Limited	0.9%
		<b>100.0%</b>

## 26 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	23	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	17.74	MBA, CFA
3	Muhammad Waseem	Acting Head of Research	5.14	BBA
4	Hadi Hassan Mukhi	Head of Risk Management, Compliance, Information Security and Quality Assurance	18.91	B.Com
5	Asim Wahab Khan	Head of Investment Strategy & Equities	13.45	MBA, CFA
6	Usama Bin Razi	Fund Manager	15.57	MBA

Usama Bin Razi is the Fund Manager of the Fund. He is also the Fund Manager of UBL Liquidity Plus Fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Government Securities Fund, UBL Retirement Savings Fund, UBL Special Savings Fund, Al-Ameen Islamic Aggressive Income Fund and Al-Ameen Islamic Asset Allocation Fund.

## 27 PATTERN OF UNIT HOLDING

Category	June 30, 2019		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	2	1,759,879	56.41%
Associated Companies	55	1,152,269	36.94%
Retirement Funds	2	186,676	5.98%
Others	1	20,701	0.66%
	60	3,119,525	100.00%

Category	June 30, 2018		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	64	2,194,375	53.50%
Associated Companies and Directors	2	1,706,046	41.60%
Retirement Funds	1	20,125	0.49%
Others	2	180,969	4.41%
	69	4,101,515	100.00%

## 28 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee), Directors and Officers of Management Company and persons having 10% or more beneficial ownership of the units of the Fund.

Remuneration to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations and the Trust Deed respectively. Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

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

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
	(Rupees in '000)					
<b>Transactions during the year ended June 30, 2019</b>						
Profit on savings accounts	-	152	-	-	-	-
Profit on Term deposit receipts	-	17,347	-	-	-	-
Bank charges	-	3	-	-	-	-
Units issued	-	5,385	-	-	-	-
Term Deposit Receipt pre-matured		89,867				
Dividend paid		6,218				
Remuneration including Sindh Sales Tax	2,730	-	473	-	-	-
Allocated expenses	322	-	-	-	-	-
CDS expense	-	-	8	-	-	-
Annual listing fee	-	-	-	-	-	25
<b>Transactions during the year ended June 30, 2018</b>						
Profit on savings accounts	-	12	-	-	-	-
Profit on Term deposit receipts	-	23,008	-	-	-	-
Bank charges	-	4	-	-	-	-
Units issued	-	-	-	-	-	-
Purchase of term deposit receipts	-	-	-	-	-	-
Remuneration including Sindh Sales Tax	3,554	-	616	-	-	-
Allocated expenses	419	-	-	-	-	-
CDS expense	-	-	7	-	-	-
Initial and annual listing fee	-	-	-	-	-	95
<b>Balances held as at June 30, 2019</b>						
Units held (in Units '000)	-	1,760	-	-	-	-
Units held (in Rupees '000)	-	176,052	-	-	-	-
Bank balances	-	386	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable including Sindh Sales Tax	218	-	38	-	-	-
Other payables	16	-	-	-	-	-
Term deposit receipts	-	254,014	-	-	-	-
Profit receivable	-	40,440	-	-	-	-
Allocated expenses payable	26	-	-	-	-	-
<b>Balances held as at June 30, 2018</b>						
Units held (in Units '000)	-	1,706	-	-	-	1,003
Units held (in Rupees '000)	-	171,715	-	-	-	100,919
Bank balances	-	14	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	288	-	50	-	-	-
Other payables	17	-	-	-	-	-
Term deposit receipts	-	343,882	-	-	-	-
Profit receivable on Term deposit receipts	-	32,017	-	-	-	-
Allocated expenses payable	69	-	-	-	-	-
Initial listing fee	-	-	-	-	-	110

## 29 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Particulars	August 28, 2018	October 26, 2018	November 08, 2018	December 11, 2018	February 27, 2019	April 29, 2019	May 06, 2019	Total meetings attended
<b>Name of Directors:</b>								
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	✓	7
Mirza Muhammad Sadeed Hassan Barlas *	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Mr. Imran Sarwar**	N/A	N/A	✓	✓	x	✓	✓	4
Mr. Tauqeer Mazhar**	N/A	N/A	✓	✓	x	x	✓	3
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	✓	7
Mr. Zia Ijaz*	x	N/A	N/A	N/A	N/A	N/A	N/A	0
Mr. Sharjeel Shahid*	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Ms. Naz Khan	✓	✓	✓	✓	✓	✓	✓	7
Ms. Sadia Saeed**	N/A	N/A	✓	✓	✓	✓	✓	5
Syed Furukh Zaem	✓	✓	✓	x	✓	✓	✓	6
<b>Name of Key Executives</b>								
S.M. Aly Osman	✓	✓	✓	✓	✓	✓	✓	7
Umair Ahmed	✓	✓	✓	✓	✓	✓	✓	7

\* Mr. Zia Ijaz, Mirza M. Sadeed Barlas & Mr. Sharjeel Shahid resigned on October 9, 2018

\*\* Mr. Tauqeer Mazhar, Ms. Sadia Saeed & Mr. Imran Sarwar appointed as of November 2, 2018

## 30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### 30.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and the regulation laid down by the SECP.

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

### **30.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

### **30.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### **a) Sensitivity analysis for variable rate instruments**

The Fund is exposed to cash flow interest rate risk for balances in savings accounts, the interest rates on which range between 3.75% to 9% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2019, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.027 million (2018: Rs. 0.002 million).

#### **b) Sensitivity analysis for fixed rate instruments**

The Fund is exposed to Fair value interest rate risk for investment in term deposit receipts, the interest rate on which is 6.60% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2019, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 2.540 million (2018: Rs. 3.439 million).

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



### **30.1.3 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 statements of assets and liabilities as 'financial assets at fair value through profit or loss' and 'available for sale'. 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 / NBFC Regulations.

In case of 5% increase / decrease in the fair value of the Fund's equity securities classified as 'financial assets at fair value through profit or loss' and financial assets at fair value through 'other comprehensive income' (2018: 'available for sale') on June 30, 2019, net income for the year and other comprehensive income would increase / decrease by Rs. 0.705 million (2018: 1.490 million) and Nil (2018: Rs 0.184 million) respectively and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'financial assets at fair value through profit or loss' and financial assets at fair value through 'other comprehensive income' (2018: 'available for sale').

### **30.2 Liquidity risk**

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

The Fund is exposed to non-payment of redemptions request on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

#### **Management of liquidity risk**

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

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

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

Particulars	June 30, 2019			
	Upto three months	More than three months and upto one year	Over one year	Total
Rupees in '000				
<b>Financial liabilities</b>				
Payable to UBL Fund Managers Limited - Management Company	230	-	-	230
Payable to the Central Depository Company of Pakistan Limited - Trustee	34	-	-	34
Accrued expenses and other liabilities	271	-	-	271
<b>Total liabilities</b>	<b>535</b>	<b>-</b>	<b>-</b>	<b>535</b>

Particulars	June 30, 2018			
	Upto three months	More than three months and upto one year	Over one year	Total
Rupees in '000				
<b>Financial liabilities</b>				
Payable to UBL Fund Managers Limited - Management Company	331	-	-	331
Payable to the Central Depository Company of Pakistan Limited - Trustee	44	-	-	44
Accrued expenses and other liabilities	219	-	-	219
<b>Total liabilities</b>	<b>594</b>	<b>-</b>	<b>-</b>	<b>594</b>

### 30.3 Credit risk

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

#### Management of credit risk

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

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

30.3.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2019:

#### Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2019	Liabilities at
Rupees in '000			
Bank Alfalah Limited	PACRA	1,335	
United Bank Limited	JCR-VIS	254,400	
National Bank of Pakistan	JCR-VIS	988	
		<b>256,723</b>	

#### Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2018	Liabilities at
		Rupees in '000	
Bank Alfalah Limited	PACRA	19	
United Bank Limited	JCR-VIS	343,896	
National Bank of Pakistan	JCR-VIS	188	
		<u>344,103</u>	

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

	2019	2018
	(Percentage)	
<b>Rating by rating category</b>		
AAA	66.67	66.67
AA+	33.33	33.33
	<u>100.00</u>	<u>100.00</u>

#### Concentration on credit risk

Concentration of risk arises when a number of financial instruments or contracts are entered into the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

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

### 31 UNIT HOLDERS' FUND RISK MANAGEMENT

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

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and

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

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

## 32 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

As of the reporting date, the following financial instruments of the Fund are carried at fair value:

	June 30, 2019			June 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rs in '000			Rs in '000		
<b>Equity shares</b>						
Financial assets at fair value through profit or loss	14,095	-	-	29,817	-	-
Financial assets classified as at fair value through other comprehensive income (June 30, 2018: available for sale)	-	-	-	3,680	-	-
	<u>14,095</u>	<u>-</u>	<u>-</u>	<u>33,497</u>	<u>-</u>	<u>-</u>

During the year ended June 30, 2019, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

**33      DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by Board of Directors of the Management Company on 30-AUG-2019.

**34      GENERAL**

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

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

**SD  
CHIEF EXECUTIVE OFFICER**

**SD  
CHIEF FINANCIAL OFFICER**

**SD  
DIRECTOR**

# UFPF

## UBL Financial Planning Fund

### INVESTMENT OBJECTIVE

The objective of the fund is to generate returns on investments as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the Investor

<b>Management Company</b>	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>Auditor</b>	EY Ford Rhodes
<b>Bankers</b>	United Bank Limited
<b>Management Co.Rating</b>	AM1 (JCR-VIS)

## Fund Manager's Report – UBL Financial Planning Fund

### UBL Active Principal Preservation Plan-I (UAPPP-I)

i) **Description of the Collective Investment Scheme category and type**

Fund of Funds Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**

UBL Financial Planning Fund is an open-end Fund of Funds Scheme that aims to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor.

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**

The fund achieved its stated objective

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**

Weighted Avg. of (70% 3M PKRV rates + 30% 3M avg. deposit rates of 3 AA rated Banks as selected by MUFAP), 6M PKRV rates and KSE-100 Index, on the basis of actual investment by the plan.

iv) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
UAPPP-I	0.80%	0.13%	0.02%	0.87%	-0.01%	-1.17%	0.03	-0.24%	-0.01%	-0.27%	0.08%	-0.74%	2.20%
Benchmark	0.99%	0.05%	0.17%	0.84%	0.09%	-0.94%	0.03	-0.52%	0.47%	-0.27%	0.57%	-0.60%	3.76%

v) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The Fund was launched on 21-Feb-18. During FY19 UAPP-I generated a return of 2.2%. At the end of the period the 77% of the Funds remained invested in the money market funds, UBL Liquidity Plus Fund (ULPF) and UBL Money Market Fund (UMMF), whereas 22% was allocated to the equities through UBL Dedicated Equity Fund (UDEF). The net assets of the Fund were PKR 168.75 million as at June 30, 2019 representing the net asset value of PKR 103.10 per unit.

**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-18	Jun-19
Equity Funds	16%	22%
Money Market Funds	83%	77%
Income Funds	0%	0%
Others	0%	0%
Cash	0%	1%

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

FY'19 Return:	2.20%
Standard Deviation (12m trailing):	3.26%
Sharpe Ratio (12m trailing):	(2.33)

vii) **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-19	30-Jun-18	Change	30-Jun-19	30-Jun-18	Change
Rupees (000)		%	Rupees		%
168,752	173,165	(2.55)	103.1001	100.8796	2.20

viii) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-I are equity and money-market CIS and the market reviews are as follows:

**Debt Market Review for FY19**

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

**Stock Market Review for FY19**

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of



rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

Equity market started the fiscal year on a positive note, with the benchmark index returning ~2% in the Jan-19. However delays in finalization of IMF program in the absence of any substantial alternative macroeconomic remedy dragged the stock market for the remaining fiscal year with the benchmark index registering a continual decline for the remaining 5 months. Among the sectors, Cement, Oil and Gas marketing, Refinery, Automobile and insurance were the major sector which negatively contributed in the index during the period under review.

- ix) **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 -----	

- x) **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 state of affairs of the scheme.

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

Range of Units	Number of Investors
	UAPPP-I
0.0001 - 9,999.9999	75
10,000.0000 - 49,999.9999	19
50,000.0000 - 99,999.9999	4
100,000.0000 - 499,999.9999	3
500,000.0000 & Above	-
<b>Total</b>	<b>101</b>

- xii) **Disclosure on unit split (if any), comprising:-**  
There were no unit splits during the period.
- xiii) **Disclosure of circumstances that materially affect any interests of unit holders**  
Investment are subject to credit and market risk.
- xiv) **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.

## Fund Manager's Report – UBL Financial Planning Fund

### UBL Active Principal Preservation Plan-II (UAPPP-II)

i) **Description of the Collective Investment Scheme category and type**

Fund of Funds Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**

UBL Financial Planning Fund is an open-end Fund of Funds Scheme that aims to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor.

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**

The fund achieved its stated objective.

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**

Weighted Avg. of (70% 3M PKRV rates + 30% 3M avg. deposit rates of 3 AA rated Banks as selected by MUFAP), 6M PKRV rates and KSE-100 Index, on the basis of actual investment by the plan.

iv) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
UAPPP-II	0.64%	0.36%	0.29%	0.97%	0.25%	-0.40%	1.76%	-0.14%	0.01%	-0.21%	0.19%	-0.63%	3.10%
Benchmark	0.73%	0.39%	0.43%	0.91%	0.41%	-0.11%	2.00%	-0.26%	0.53%	-0.06%	0.65%	-0.34%	5.39%

v) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The Fund was launched on 31-May-18. At the end of the period the net assets of the Fund were PKR 308.72 million as at June 30, 2019, of which nearly 62% was invested in Money Market Funds and 37% was allocated to placements with banks. The fund manager maintained majority of the fund exposure in Money Market Funds i.e. 39% in UBL Liquidity Plus Fund (ULPF) and 18% in Equity. During FY19 UAPPP-II generated a return of 3.10%, against the benchmark return of 5.39%.

**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-18	Jun-19
Equity Funds	5%	18%
Money Market Funds	57%	39%

Income Funds	0%	0%
Others	0%	3%
Cash	0%	0%
Placement with banks	37%	40%

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

FY'19 Return:	3.10%
Standard Deviation (12m trailing):	2.23%
Sharpe Ratio (12m trailing):	(3.00)

vii) **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-19	30-Jun-18	Change	30-Jun-19	30-Jun-18	Change
Rupees (000)		%	Rupees		%
308,716	324,119	(4.75)	101.4723	100.6329	0.83

viii) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-II are equity and money-market CIS and the market reviews are as follows:

**Debt Market Review for FY19**

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

### **Stock Market Review for FY19**

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

Equity market started the fiscal year on a positive note, with the benchmark index returning ~2% in the Jan-19. However delays in finalization of IMF program in the absence of any substantial alternative macroeconomic remedy dragged the stock market for the remaining fiscal year with the benchmark index registering a continual decline for the remaining 5 months. Among the sectors, Cement, Oil and Gas marketing, Refinery, Automobile and insurance were the major sector which negatively contributed in the index during the period under review.

- ix) **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 -----	
27-Jun-19		6,432	2.1534	103.5299	101.3765

- x) **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 state of affairs of the scheme.

**xi) Breakdown of unit holdings by size**

Range of Units	Number of Investors
	UAPPP-II
0.0001 - 9,999.9999	69
10,000.0000 - 49,999.9999	31
50,000.0000 - 99,999.9999	6
100,000.0000 - 499,999.9999	4
500,000.0000 & Above	1
<b>Total</b>	<b>111</b>

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

There were no unit splits during the period.

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

Investment are subject to credit and market risk.

**xiv) 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.

## Fund Manager's Report – UBL Financial Planning Fund

### UBL Active Principal Preservation Plan-III (UAPPP-III)

i) **Description of the Collective Investment Scheme category and type**

Fund of Funds Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**

UBL Financial Planning Fund is an open-end Fund of Funds Scheme that aims to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor.

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**

The fund achieved its stated objective.

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**

Weighted Avg. of (70% 3M PKRV rates + 30% 3M avg. deposit rates of 3 AA rated Banks as selected by MUFAP), 6M PKRV rates and KSE-100 Index, on the basis of actual investment by the plan.

iv) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
UAPPP-III	-	-	-	1.00%	-0.03%	-1.20%	2.97%	-0.52%	0.07%	-0.48%	-0.17%	-1.13%	0.43%
Benchmark	-	-	-	1.23%	0.07%	-0.99%	3.02%	-0.92%	0.39%	-0.55%	0.24%	-1.03%	1.41%

v) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**

The Fund was launched on 24-Oct-18. During the period under review, the Fund had a return of 0.43% whereas benchmark return was 1.41%. Net assets of the fund were PKR 190 mn at the end of FY19.

**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-18	Jun-19
Equity Funds	0%	28%
Money Market Funds	0%	71%
Income Funds	0%	0%
Others	0%	0%
Cash	0%	1%
Placement with banks	0%	0%

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

FY'19 Return:	0.43%
Standard Deviation (12m trailing):	n/a
Sharpe Ratio (12m trailing):	n/a

vii) **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-19	24-Oct-18	Change	30-Jun-19	24-Oct-18	Change
Rupees (000)		%	Rupees		%
190,447	206,874	(7.94)	100.3210	100.00	0.32

viii) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-II are equity and money-market CIS and the market reviews are as follows:

**Debt Market Review for FY19**

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

**Stock Market Review for FY19**

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of



rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

Equity market started the fiscal year on a positive note, with the benchmark index returning ~2% in the Jan-19. However delays in finalization of IMF program in the absence of any substantial alternative macroeconomic remedy dragged the stock market for the remaining fiscal year with the benchmark index registering a continual decline for the remaining 5 months. Among the sectors, Cement, Oil and Gas marketing, Refinery, Automobile and insurance were the major sector which negatively contributed in the index during the period under review.

- ix) **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 -----	
27-Jun-2019		213	0.1127	100.3036	100.1909

- x) **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 state of affairs of the scheme.

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

Range of Units	Number of Investors
	UAPPP-III
0.0001 - 9,999.9999	70
10,000.0000 - 49,999.9999	36
50,000.0000 - 99,999.9999	3
100,000.0000 - 499,999.9999	3
500,000.0000 & Above	-
<b>Total</b>	<b>112</b>

- xii) **Disclosure on unit split (if any), comprising:-**  
There were no unit splits during the period.
- xiii) **Disclosure of circumstances that materially affect any interests of unit holders**  
Investment are subject to credit and market risk.
- xiv) **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 Active Principal Preservation Plan - I

	2019	2018
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>168,752</b>	<b>173,165</b>
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *</b>		
Class A units - Offer	<b>103.1001</b>	104.2994
- Redemption	<b>101.0381</b>	100.8796
<b>RETURN OF THE FUND - %</b>		
Total Return of the Fund	<b>2.20</b>	<b>0.88</b>
Capital Growth (per unit)	<b>2.20</b>	<b>0.88</b>
Date of Income Distribution		-
Income Distribution		-
Date of Income Distribution		-
Income Distribution		-
<b>AVERAGE ANNUAL RETURN - %</b>		
One Year	<b>2.20</b>	<b>0.88</b>
Since inception/Second Year	<b>1.54</b>	-
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees *</b>		
Highest price per unit - Class A units - Offer	<b>104.9596</b>	105.0923
Highest price per unit - Class A units - Redemption	<b>102.8604</b>	101.6465
Lowest price per unit - Class A units - Offer	<b>96.5799</b>	103.3229
Lowest price per unit - Class A units - Redemption	<b>92.7167</b>	99.9351

\* Front-end load @ 2.5% is applicable

### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

### **PORTFOLIO COMPOSITION BY CATEGORY - %**

Income Funds	-	42
Money Market Funds	77	42
Equity Funds	22	16
Bank Balances	1	

### **PORTFOLIO COMPOSITION BY MARKET - %**

Equity	22	16.00
Debt	78	84.00

Note:

- The Launch date of Fund is 21 February 2018

## **DISCLAIMER**

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

## **PERFORMANCE TABLE**

### UBL Active Principal Preservation Plan - II

	2019	2018
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>308,716</b>	<b>324,118</b>
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *</b>		
Class A units - Offer	<b>101.4723</b>	104.0444
- Redemption	<b>99.4429</b>	100.6329
<b>RETURN OF THE FUND - %</b>		
Total Return of the Fund	<b>3.10</b>	<b>0.63</b>
Capital Growth (per unit)	<b>0.96</b>	<b>0.63</b>
Date of Income Distribution	<b>2-Jul-18</b>	-
Income Distribution	<b>0.1258</b>	-
Date of Income Distribution	<b>28-Jun-19</b>	-
Income Distribution	<b>2.1534</b>	-
<b>AVERAGE ANNUAL RETURN - %</b>		
One Year	<b>3.10</b>	<b>0.63</b>
Since inception/Second Year	<b>1.87</b>	<b>0.63</b>
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees *</b>		
Highest price per unit - Class A units - Offer	<b>104.9208</b>	104.0999
Highest price per unit - Class A units - Redemption	<b>100.7240</b>	100.6866
Lowest price per unit - Class A units - Offer	<b>97.5811</b>	103.4976
Lowest price per unit - Class A units - Redemption	<b>93.6779</b>	100.1041

\* Front-end load @ 2.5% is applicable

### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

### **PORTFOLIO COMPOSITION BY CATEGORY - %**

Equity Funds	<b>18</b>	5
Money Market Funds	<b>39</b>	57
Others	<b>3</b>	0
Placement with banks	<b>40</b>	37

### **PORTFOLIO COMPOSITION BY MARKET - %**

Equity	<b>18</b>	5
Debt	<b>82</b>	95

Note:

- The Launch date of Fund is 31 May 2018

## **DISCLAIMER**

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

## **PERFORMANCE TABLE**

### UBL Active Principal Preservation Plan - III

2019

**NET ASSETS AS AT 30 JUNE - Rupees in '000**

190,447

**NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees \***

Class A units - Offer

100.3210

- Redemption

96.3082

#### **RETURN OF THE FUND - %**

Total Return of the Fund

0.43

Capital Growth (per unit)

0.32

Date of Income Distribution

28-Jun-19

Income Distribution

0.1127

Date of Income Distribution

-

Income Distribution

-

#### **AVERAGE ANNUAL RETURN - %**

One Year

0.43

Since inception/Second Year

0.43

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

Highest price per unit - Class A units - Offer

103.3771

Highest price per unit - Class A units - Redemption

99.2420

Lowest price per unit - Class A units - Offer

99.3350

Lowest price per unit - Class A units - Redemption

95.3616

\* Front-end load @ 3% is applicable

#### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

#### **PORTFOLIO COMPOSITION BY CATEGORY - %**

Money Market Funds

71

Equity Funds

28

Bank Balances

1

#### **PORTFOLIO COMPOSITION BY MARKET - %**

Equity Market

28

Debt

72

Note:

- The Launch date of Fund is 24 Oct 2018

## **DISCLAIMER**

Past performance is not necessarily indicative of future performance and that unit prices and investment return

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL FINANCIAL PLANNING 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 Financial Planning 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, 2019 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.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 20, 2019





**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)  
REGULATIONS, 2017 BY UBL FUND MANAGERS LIMITED**

**NAME OF FUND:** UBL Financial Planning Fund

**YEAR ENDING:** JUNE 30, 2019

The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited (the Management Company) of UBL Financial Planning Fund (the Fund), for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of Corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2017 (the Regulations).

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

- a. Male: Five Directors;
- b. Female: Two Directors.

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid
	Ms. Naz Khan
Executive Directors	Mr. Yasir Qadri
Non - Executive Directors	Mr. Imran Sarwar
	Ms. Sadia Saeed
	Mr. Tauqeer Mazhar
	Syed Furrukh Zaeem

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The Management Company has placed the Whistle Blowing Policy, Proxy Policy and the Principles of the Code of Conduct (Statement of Ethics and Business Practice) on its website.
6. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 (the Act) and these Regulations.
7. The Board has a formal and effective mechanism in place for an annual evaluation of the Board's, Board Committee's and Board Member's own performance.
8. The Chairman of the Board is an Independent director. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act and these Regulations.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

**UBL FUND MANAGERS LIMITED**

☎ +92 21 111 825 262

✉ info@ublfunds.com

📍 4<sup>th</sup> Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

www.ublfunds.com

10. Following directors and executives have acquired the prescribed Director Training Program (DTP) certification:

**Directors**

- a. Mr. Imran Sarwar
- b. Mr. Tauqeer Mazhar
- c. Mr. Yasir Qadri
- d. Ms. Naz Khan
- e. Ms. Sadia Saeed
- f. Syed Furrukh Zaeem

**Executives**

- a. S.M. Aly Osman
- b. Mr. Amin Gulamani
- c. Mr. Ammar Valika
- d. Mr. Hadi Hassan Mukhi
- e. Mr. Umair Ahmed
- f. Mr. Zeeshan Quddus

11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

12. CFO and CEO duly endorsed the financial statements before approval of the Board.

13. The Board has formed committees comprising of members given below. The Board Audit Committee and the Board Human Resource & Compensation Committee are chaired by separate Independent directors:

- a. Board Audit Committee
  - i. Ms. Naz Khan (Chair),
  - ii. Mr. Imran Sarwar,
  - iii. Ms. Sadia Saeed,
  - iv. Mr. Tauqeer Mazhar.
- b. Board Human Resource & Compensation Committee
  - i. Mr. Azhar Hamid (Chairman),
  - ii. Ms. Naz Khan,
  - iii. Ms. Sadia Saeed,
  - iv. Syed Furrukh Zaeem,
  - v. Mr. Yasir Qadri.
- c. Board Risk & Compliance Committee
  - i. Mr. Imran Sarwar (Chairman),
  - ii. Mr. Azhar Hamid,
  - iii. Syed Furrukh Zaeem,
  - iv. Mr. Tauqeer Mazhar,
  - v. Mr. Yasir Qadri.

14. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.

**UBL FUND MANAGERS LIMITED**

☎ +92 21 111 825 262

✉ info@ublfunds.com

📍 4<sup>th</sup> Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

www.ublfunds.com



15. The frequency of meetings of the Committee were as per following:
  - a. Board Audit Committee : Quarterly Meeting-6 meetings held
  - b. Board Human Resource & Compensation Committee: 4 meetings held
  - c. Board Risk & Compliance Committee: Quarterly Meeting-4 meetings held
16. The Board has set up an independent and effective internal audit function and the audit personnel are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
17. 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) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
18. The Board Audit Committee recommends to the Board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the fund by the external auditors in addition to audit of its financial statements.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that any other significant requirements of the Regulations have been complied with.



**AZHAR HAMID**  
Chairman

Karachi.  
Dated: **August 30, 2019**

## To the unitholders of UBL Financial Planning Fund

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

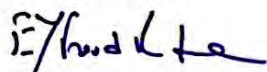
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Financial Planning Fund** (the Fund) for the year ended **30 June 2019** in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, the Fund's related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2019.



Chartered Accountants

Place: Karachi

Date: 23 September 2019



## INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Financial Planning Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **UBL Financial Planning Fund (the Fund)**, which comprise the statement of assets and liabilities as at **30 June 2019**, and the income statement, statement of comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Existence and valuation of bank balances and investments</b>	
As disclosed in note 7 and 8 to the accompanying financial statements of the Fund for the year ended 30 June 2019, the bank balances and investments (comprised of mutual funds units) held by the Fund represent 98% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> <li>- We performed substantive audit procedures on year-end balance of portfolio including review of</li> </ul>

٢٧



Key audit matter	How our audit addressed the key audit matter
In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.	<p>Custodian's statement and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Mutual Funds Association of Pakistan (MUFAP).</p> <ul style="list-style-type: none"> <li>- We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and the adequacy of disclosures as may be applicable in situations of non-compliance.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and whether the Fund's disclosures in relation to the valuation of investments are compliant with the relevant accounting requirements.</li> </ul>

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

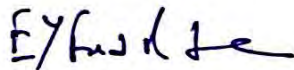
-: 4 :-

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date: 23 September 2019**

**Karachi**

**UBL FINANCIAL PLANNING FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2019**

		June 30, 2019		For the period from October 24, 2018 to June 30, 2019 (See note 1.5)		June 30, 2018 (Audited)		
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
Note		----- (Rupees in '000) -----						
<b>ASSETS</b>								
Bank balances	7	1,195	521	1,751	3,467	749	80	829
Investments	8	168,177	309,837	190,265	668,279	172,638	331,925	504,563
Mark-up and other receivables	9	46	188	21	255	87	165	252
Advance tax	10	1	-	-	1	-	-	-
Preliminary expenses and floatation costs	11	167	203	-	370	-	-	-
<b>Total assets</b>		<b>169,586</b>	<b>310,749</b>	<b>192,037</b>	<b>672,372</b>	<b>173,474</b>	<b>332,170</b>	<b>505,644</b>
<b>LIABILITIES</b>								
Payable to the Management Company	12	463	570	21	1,054	166	3027	3193
Payable to the Trustee	13	16	29	18	63	15	28	43
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)	14	129	240	104	473	46	21	67
Accrued and other liabilities	16	226	1,194	1,447	2,867	82	4976	5058
<b>Total liabilities</b>		<b>834</b>	<b>2,033</b>	<b>1,590</b>	<b>4,457</b>	<b>309</b>	<b>8052</b>	<b>8361</b>
<b>NET ASSETS</b>		<b>168,752</b>	<b>308,716</b>	<b>190,447</b>	<b>667,915</b>	<b>173,165</b>	<b>324,118</b>	<b>497,283</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>168,752</b>	<b>308,716</b>	<b>190,447</b>	<b>667,915</b>	<b>173,165</b>	<b>324,118</b>	<b>497,283</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17							
<b>NUMBER OF UNITS IN ISSUE</b>		<b>1,636,777</b>	<b>3,042,371</b>	<b>1,898,372</b>		<b>1,716,552</b>	<b>3,220,804</b>	
<b>NET ASSETS VALUE PER UNIT</b>		<b>103.1001</b>	<b>101.4723</b>	<b>100.3210</b>		<b>100.8796</b>	<b>100.6326</b>	

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

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

SD  
\_\_\_\_\_  
Director

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

**UBL FINANCIAL PLANNING FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019		For the period from October 24, 2018 to June 30, 2019 (See note 1.5)	Total	For the period from February 28, 2018 to June 30, 2018	For the period from May 31, 2018 to June 30, 2018	Total
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	
Note	(Rupees in '000)						
	164	68	73	305	88	-	88
	(4,136)	(6,217)	(5,680)	(16,033)	1,178	523	1,701
	-	8,321	-	8,321	-	547	547
	8,505	9,055	6,519	24,079	501	1,117	1,618
	74	711	-	785			
	255	872	688	1,815	23	78	101
	4,862	12,810	1,600	19,272	1,790	2,265	4,055
12.1	-	1,237	-	1,237	-	81	81
12.2	-	161	-	161	-	11	11
12.3	172	320	139	631	62	28	90
13.1	172	320	139	631	59	26	85
13.2	22	42	18	82	8	3	11
14	129	240	104	473	46	21	67
11	258	221	-	479	-	-	-
19	126	126	86	338	45	8	53
	80	76	26	182	-	-	-
	38	39	7	83	32	2	34
	997	2,782	519	4,298	252	180	432
	3,865	10,028	1,081	14,974	1,538	2,085	3,623
16.1	76	197	21	294	28	41	69
	3,789	9,831	1,060	14,680	1,510	2,044	3,554
20	-	-	-	-	-	-	-
	3,789	9,831	1,060	14,680	1,510	2,044	3,554
	3,789	9,831	1,060	14,680	1,510	2,044	3,554
	(159)	(529)	(16)	(704)	(2)	(12)	(14)
	3,630	9,302	1,044	13,976	1,508	2,032	3,540
	4,192	2,563	822	7,577	1,508	1,640	3,148
	(562)	6,739	222	6,399	-	392	392
	3,630	9,302	1,044	13,976	1,508	2,032	3,540

**Earning per unit**

25.2

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer



**UBL FINANCIAL PLANNING FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

June 30, 2019		For the period from October 24, 2018 to June 30, 2019 (See note 1.5)	Total	For the period from February 28, 2018 to June 30, 2018	For the period from May 31, 2018 to June 30, 2018	Total
UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	
(Rupees in '000)						
3,789	9,831	1,060	14,680	1,510	2,044	3,554
-	-	-	-	-	-	-
3,789	9,831	1,060	14,680	1,510	2,044	3,554

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

**UBL FINANCIAL PLANNING FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019		For the period from October 24, 2018 to June 30, 2019 (See note 1.5)			For the period from February 28, 2018 to June 30, 2018		For the period from May 31, 2018 to June 30, 2018		
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total		
----- (Rupees in '000) -----										
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Net income for the period before taxation	3,789	9,831	1,060	14,680		1,510	2,044	3,554		
<b>Adjustments for:</b>										
Mark-up on bank accounts	(164)	(68)	(73)	(305)		(88)	-	(88)		
Unrealised loss/(gain) on re-measurement of investments classified as 'at fair value through profit or loss	4,136	6,217	5,680	16,033		(1,178)	(523)	(1,701)		
Net gain on sale of investments classified as classified as 'at fair value through profit or loss	(8,505)	(9,055)	(6,519)	(24,079)		(501)	(1,117)	(1,618)		
Amortization of preliminary expenses and floatation costs	258	221	-	479		-	-	-		
Provision for Sindh Workers' Welfare Fund (SWWF)	76	197	21	294		28	41	69		
	(4,199)	(2,488)	(891)	(7,578)		(1,739)	(1,599)	(3,338)		
<b>(Increase) / Decrease in assets</b>										
Investments	8,830	24,926	(189,429)	(155,673)		(170,959)	(330,284)	(501,243)		
Advances and other receivables	40	-	(21)	19		(87)	(713)	(800)		
Preliminary expenses and floatation costs	(425)	(424)	-	(849)		-	-	-		
	8,445	24,502	(189,450)	(156,503)		(171,046)	(330,997)	(502,043)		
<b>(Decrease) / Increase in liabilities</b>										
Payable to the Management Company	297	(2,457)	21	(2,139)		166	3,027	3,193		
Payable to the Trustee	1	1	18	20		15	28	43		
Annual fee payable to SECP	83	219	104	406		46	21	67		
Accrued and other liabilities	68	(3,979)	1,427	(2,484)		54	4,935	4,989		
	449	(6,216)	1,570	(4,197)		281	8,011	8,292		
Mark-up received	164	45	73	282		88	547	635		
<b>Net cash generated from / (used in) operating activities</b>	<b>8,648</b>	<b>25,674</b>	<b>(187,638)</b>	<b>(153,316)</b>		<b>(170,906)</b>	<b>(321,994)</b>	<b>(492,900)</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Net receipt from issuance of units	-	5,976	211,178	217,154		172,219	395,537	567,756		
Cash dividend paid to unit holders	-	(6,837)	(212)	(7,049)		-	-	-		
Net payment against redemption of units	(8,202)	(24,372)	(21,577)	(54,151)		(564)	(73,463)	(74,027)		
<b>Net cash (used in) / generated from financing activities</b>	<b>(8,202)</b>	<b>(25,233)</b>	<b>189,389</b>	<b>155,954</b>		<b>171,655</b>	<b>322,074</b>	<b>493,729</b>		
<b>Net increase in cash and cash equivalent during the period</b>	<b>446</b>	<b>441</b>	<b>1,751</b>	<b>2,638</b>		<b>749</b>	<b>80</b>	<b>829</b>		
Cash and cash equivalents at beginning of the period	749	80	-	829		-	-	-		
<b>Cash and cash equivalents at end of the period</b>	<b>1,195</b>	<b>521</b>	<b>1,751</b>	<b>3,467</b>		<b>749</b>	<b>80</b>	<b>829</b>		
<b>Cash and cash equivalents</b>										
Bank balances	1,195	521	1,751	3,467		749	80	829		

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

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

SD  
\_\_\_\_\_  
Director

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

**UBL FINANCIAL PLANNING FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019						For the period from October 24, 2018 to June 30, 2019 (See note 1.5)			Total	For the period from February 28, 2018 to June 30, 2018			For the period from May 31, 2018 to June 30, 2018			Total
	UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II			UBL Active Principal Preservation Plan III				UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II			
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total		Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	
	(Rupees in '000)																
Net assets at beginning of the period	171,657	1,508	173,165	322,086	2,032	324,118	-	-	-	497,283	-	-	-	-	-	-	-
Issuance of units:																	
UBL Active Principal Preservation Plan I (Nil Units) (2018: 1,722,174 Units)																	
- Capital value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Element relating to the income for the year after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UBL Active Principal Preservation Plan II (58,941 Units) (2018: 3,955,311 Units)																	
- Capital value	-	-	-	5,917	-	5,917	-	-	-	5,917	172,217	-	172,217	-	-	-	172,217
- Element relating to the income for the year after taxation	-	-	-	59	-	59	-	-	-	59	2	-	2	-	-	-	2
UBL Active Principal Preservation Plan III (2,111,727 Units) (2018: Nil Units)																	
- Capital value	-	-	-	-	-	-	211,173	-	211,173	211,173	-	-	-	395,531	-	395,531	395,531
- Element relating to the income for the year after taxation	-	-	-	-	-	-	5	-	5	5	-	-	-	6	-	6	6
	-	-	-	5,976	-	5,976	211,178	-	211,178	217,154	172,219	-	172,219	395,537	-	395,537	567,756
Redemption of units																	
UBL Active Principal Preservation Plan I (79,775 Units) (2018: 5,623 Units)																	
- Capital value	(8,225)	-	(8,225)	-	-	-	-	-	-	(8,225)	-	-	-	-	-	-	-
- Element relating to the income for the year after taxation	182	(159)	23	-	-	-	-	-	-	23	-	-	-	-	-	-	-
UBL Active Principal Preservation Plan II (237,374 Units) (2018: 734,507 Units)																	
- Capital value	-	-	-	(23,828)	-	(23,828)	-	-	-	(23,828)	(562)	-	(562)	-	-	-	(562)
- Element relating to the income for the year after taxation	-	-	-	(15)	(529)	(544)	-	-	-	(544)	(2)	(2)	(2)	-	-	-	(2)
UBL Active Principal Preservation Plan III (213,355 Units) (2018: Nil Units)																	
- Capital value	-	-	-	-	-	-	(21,336)	-	(21,336)	(21,336)	-	-	-	(73,451)	-	(73,451)	(73,451)
- Element relating to the income for the year after taxation	-	-	-	-	-	-	(226)	(16)	(242)	(242)	-	-	-	-	(12)	(12)	(12)
	(8,043)	(159)	(8,202)	(23,843)	(529)	(24,372)	(21,562)	(16)	(21,578)	(54,152)	(562)	(2)	(564)	(73,451)	(12)	(73,463)	(74,027)
Total comprehensive income for the period	-	3,789	3,789	-	9,831	9,831	-	1,060	1,060	14,680	-	1,510	1,510	-	2,044	2,044	3,554
Distribution during the period	-	-	-	-	(6,837)	(6,837)	-	(213)	(213)	(7,050)	-	-	-	-	-	-	-
Net income for the period less distribution	-	3,789	3,789	-	2,994	2,994	-	847	847	7,630	-	1,510	1,510	-	2,044	2,044	3,554
Net assets at end of the period	163,614	5,138	168,752	304,219	4,497	308,716	189,616	831	190,447	667,915	171,657	1,508	173,165	322,086	2,032	324,118	497,284
Undistributed income brought forward:																	
- Realised	-	330	330	-	1,509	1,509	-	-	-	1,839	-	-	-	-	-	-	-
- Unrealised	-	1,178	1,178	-	523	523	-	-	-	1,701	-	-	-	-	-	-	-
	-	1,508	1,508	-	2,032	2,032	-	-	-	3,540	-	-	-	-	-	-	-
Accounting income available for distribution:																	
- Relating to capital gains	-	4,192	4,192	-	2,563	2,563	-	822	822	7,577	-	1,508	1,508	-	1,640	1,640	3,148
- Excluding capital gains	-	(562)	(562)	-	6,739	6,739	-	222	222	6,399	-	-	-	-	392	392	392
	-	3,630	3,630	-	9,302	9,302	-	1,044	1,044	13,976	-	1,508	1,508	-	2,032	2,032	3,540
Distribution during the period	-	-	-	-	(6,837)	(6,837)	-	(213)	(213)	(7,050)	-	-	-	-	-	-	-
Undistributed income carried forward	-	5,138	5,138	-	4,497	4,497	-	831	831	10,466	-	1,508	1,508	-	2,032	2,032	3,540
Undistributed income carried forward																	
- Realised	-	9,274	9,274	-	10,714	10,714	-	6,511	6,511	26,499	-	330	330	-	1,509	1,509	1,839
- Unrealised	-	(4,136)	(4,136)	-	(6,217)	(6,217)	-	(5,680)	(5,680)	(16,033)	-	1,178	1,178	-	523	523	1,701
	-	5,138	5,138	-	4,497	4,497	-	831	831	10,466	-	1,508	1,508	-	2,032	2,032	3,540
	-- (Rupees) --						-- (Rupees) --			-- (Rupees) --			-- (Rupees) --			-- (Rupees) --	
Net assets value per unit at end of the period	103.1001						101.4723			100.3210			100.8796			100.6326	

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

**UBL FINANCIAL PLANNING FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

- 1.1** UBL Financial Planning 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 the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 07, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 29, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced its operations from September 28, 2017.
- 1.2** 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.
- 1.3** The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for subscription on a continuous basis to the public. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.
- 1.4** The objective of the Fund is to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor. The duration of the Fund and Allocation Plans initially launched therein is perpetual, however, additional Allocation Plans may have a set time frame. Presently, the fund offers only UBL Active Principal Preservation Plan I, UBL Active Principal Preservation Plan II & UBL Active Principal Preservation Plan III.
- 1.5** As per the Offering Document and supplements to the said Document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, the financial statements for UBL Active Principal Preservation Plan III have been prepared from October 24, 2018 to June 30, 2019 and therefore, there is no comparative information disclosed in these financial statements for UBL Active Principal Preservation Plan III.
- 1.6** JCR - VIS Credit Rating Company has upgraded management quality rating from AM2++ (stable outlook) to AM1 to the management company dated December 27, 2018.
- 1.7** Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

**2. STATEMENT OF COMPLIANCE**

- 2.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
  - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
  - The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

## **2.2 New / Revised Standards, Interpretations and Amendments**

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 15 – Revenue from Contracts with Customers

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 Financial Instruments

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

### **Improvements to Accounting Standards Issued by the IASB in December 2016**

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements except for as disclosed in note 4.1

## **3. BASIS OF PREPARATION**

### **3.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for investments which are accounted for as stated in note 4.1.

### **3.2 Functional and presentation currency**

These financial statements are presented in Pakistani Rupee which is the Fund's functional and presentation currency.

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years except as described 4.1.

### **Policy effective from July 01, 2018**

#### **Financial Instruments**

- 4.1** IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 01, 2018. A number of other new standards are effective from July 01, 2018 but they do not have a material effect on the Fund's financial Information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

### Classification and measurement of financial assets and financial liabilities

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 did not have a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

**A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:**

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**The following accounting policies apply to the subsequent measurement of financial assets:**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Profit / mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 01, 2018.

		Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS	Revised carrying amount under IFRS 9
Note		---- (Rupees in '000) ----			
Units of mutual funds	(a)	Held for trading	FVTPL	380,353	380,353
Bank balances	(b)	Loans and receivables	Amortised cost	829	829
Mark-up and other receivables	(b)	Loans and receivables	Amortised cost	800	800
Preliminary expenses and floatation costs	(b)	Loans and receivables	Amortised cost	370	370

- (a) These financial assets classified as 'held for trading' have been classified as fair value through profit and loss (FVTPL). Units of mutual funds are puttable instruments as per the definition given under International Accounting Standard 32 - Financial Instruments: Presentation (IAS -32) and do not meet the definition of equity instrument under IAS 32. Accordingly, such instruments are classified as FVTPL as they do not meet the contractual cash flow characteristics criterion.

- (b) The Fund has not made an irrevocable election upon adoption of IFRS 9 to present in other comprehensive income subsequent changes in the fair value of investments in equity instruments under IFRS 9 and accordingly all investments in equity instruments have been classified as fair value through profit or loss (FVTPL).
- (b) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

#### **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

#### **Transition**

The Fund has used the exemption not to restate comparative periods as allowed under IFRS 9 and the differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in opening retained earnings as at July 01, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets measured at FVTPL.

### **4.2 Policy effective till June 30, 2018**

#### **Financial instrument**

Before July 01, 2018, the fund classified its investment in the following categories

This category has two sub-categories, namely; financial instruments held-for-trading, and those designated at fair value through profit or loss upon initial recognition.

##### **a) Loans and receivables**

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

##### **b) Investments 'at fair value through profit or loss'**

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

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

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

### **Regular way contracts**

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

### **Initial recognition and measurement**

Investments are initially recognised at fair value plus transaction costs except for investments carried at fair value through profit or loss. Investments carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

### **Subsequent measurement**

#### **a) Investments 'at fair value through profit or loss'**

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

Net gains and losses arising from changes in the fair value and on sale of investments 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 recognised in unitholders' fund through other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in unitholders' fund is shown in the income statement.

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

#### **b) Loans and receivables**

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

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

### **Impairment**

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

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

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

## **4.3 Derecognition**

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



#### **4.4 Financial instruments**

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

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

#### **4.5 Offsetting of financial assets and liabilities**

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

#### **4.6 Preliminary expenses and floatation costs**

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund as preliminary expenses and floatation costs which are to be amortized by the Fund over a period of five years commencing from respective period of each plan, stated in note 1.6, in accordance with the Trust Deed and the NBFC Regulations. Such expenses and costs will be shared by the allocation plans available at the time of initial offering of the Fund.

#### **4.7 Issuance and redemption of units**

Units are allocated at the offer price prevalent on the day on which applications for purchase of units are received (however, units are issued on the receipt of cash / realization of cheques). The offer price represents the net asset value per unit at the end of the business day plus allowable sales load, if applicable. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit at the end of the business day less duties, taxes, charges on redemption and provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

#### **4.8 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 estimates.

#### **4.9 Distribution to unit holders**

Distribution to unit holders is recognized when they are declared and approved by the Board of Directors of the Management Company (BOD) in their meeting, or upon declaration and approval by the Chief Executive Officer on behalf of the BOD.

#### **4.10 Net assets value per unit**

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

#### 4.11 Taxation

The Fund is exempt from taxation under clause 99 of Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realized and unrealized capital gains for the year is distributed amongst the Fund's unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

#### 4.12 Revenue recognition

Gains / (losses) arising on sale of investments is accounted for in the year in which it arises.

Unrealised gain / (loss) on revaluation of investments classified as 'financial assets at fair value through profit or loss' is included in the income statement in the year in which it arises.

Unrealised gain / (loss) on revaluation of investments classified as 'available-for-sale' is included in unit holders' fund through other comprehensive income in the year in which it arises.

Mark-up on bank balances and term deposits is recorded on accrual basis.

#### 4.13 Foreign currency transactions

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

#### 4.14 Cash and cash equivalents

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

### 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 4.1 and 4.2.

### 6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Previously held interests in a joint operation	January 01, 2019

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	January 01, 2019
IFRS 9 Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16 Leases	January 01, 2019
IAS 1/ IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 - Insurance Contracts	January 01, 2021

Note	June 30, 2019				June 30, 2018		
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
	-----	(Rupees in '000)	-----		-----	(Rupees in '000)	-----

## 7. BANK BALANCES

Bank accounts - saving	7.1	<b>1,195</b>	<b>521</b>	<b>1,751</b>	<b>3,467</b>	749	80	829
------------------------	-----	--------------	------------	--------------	--------------	-----	----	-----

7.1 These carry mark-up at the rates ranging from 8% to 8.25% (June 30, 2018: 4.5%) per annum and maintained with United Bank Limited (a related party). (June 30, 2018: Rs.0.84)

## 8. INVESTMENT

### Investments by Category

#### 8.1 At fair value through profit or loss

Units of mutual funds	8.1.1	<b>168,177</b>	<b>177,306</b>	<b>190,265</b>	<b>535,748</b>	172,638	207,715	380,353
-----------------------	-------	----------------	----------------	----------------	----------------	---------	---------	---------

#### 8.2 At Amortised Cost

Term Deposits Receipts	8.2.1	-	<b>132,531</b>	-	<b>132,531</b>	-	124,210	124,210
------------------------	-------	---	----------------	---	----------------	---	---------	---------

<b>168,177</b>	<b>309,837</b>	<b>190,265</b>	<b>535,748</b>	172,638	331,925	504,563
----------------	----------------	----------------	----------------	---------	---------	---------

## 8.1.1 Units of mutual funds classified as 'at fair value through profit or loss

	Number of units				Balance as at June 30, 2019				
Name of Investee Fund (funds under common management)	As at July 01, 2018	Purchased during the period	Sold / redeemed during the period	As at June 30, 2019				Market value as a % of net assets of each plan	Market value as a % of total investments of each plan
					Carrying value	Market value	Appreciation/ (Diminution)		
					(Rupees in '000)			(%)	
<b>Held by UBL Active Principal Preservation Plan I</b>									
UBL Liquidity Planning Fund	680,188	1,408,337	2,088,525	-	-	-	-	0.00%	0.00%
UBL Dedicated Equity Fund	286,760	739,165	570,281	455,644	41,270	36,859	(4,411)	21.84%	21.92%
UBL Money Market Fund	684,201	2,433,463	1,813,312	1,304,352	131,043	131,318	275	77.82%	78.08%
					172,313	168,177	(4,136)	99.66%	100.00%
<b>Held by UBL Active Principal Preservation Plan II</b>									
UBL Liquidity Planning Fund	987,865	1,386,198	2,374,063	-	-	-	-	0.00%	0.00%
UBL Dedicated Equity Fund	180,065	947,025	437,118	689,972	62,247	55,815	(6,432)	18.08%	18.01%
UBL Money Market Fund	806,077	2,532,946	2,132,278	1,206,745	121,276	121,491	215	39.35%	39.21%
					183,523	177,306	(6,217)	57.43%	57.23%
<b>Held by UBL Active Principal Preservation Plan III</b>									
UBL Liquidity Planning Fund	-	1,324,655	1,324,655	-	-	-	-	0.00%	0.00%
UBL Dedicated Equity Fund	-	1,156,012	484,681	671,331	60,271	54,307	(5,964)	28.52%	28.54%
UBL Money Market Fund	-	5,262,194	3,911,749	1,350,445	135,674	135,958	284	71.39%	71.46%
					195,945	190,265	(5,680)	99.90%	100.00%
<b>Total as at June 30, 2019</b>					<b>551,781</b>	<b>535,748</b>	<b>(16,033)</b>		
<b>Total as at June 30, 2018</b>					378,652	380,353	1,701		

8.2.1 This carries mark-up at the rate of 6.75% (2018: 6.75%) per annum with maturity upto June 07, 2020 and placed with United Bank Limited (a related party).

		June 30, 2019				June 30, 2018		
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
Note		(Rupees in '000)						
<b>9. MARK UP AND OTHER RECIEVABLES</b>								
Mark-up receivable on bank accounts		46	23	21	90	87	-	87
Balance held in collection account		-	165	-	165	-	165	165
		46	188	21	255	87	165	252

9.1 This represents receivable on bank balance maintained with United Bank Limited (a related party).

#### 10. 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 and 151 of ITO 2001. The Federal Board of Revenue through a circular "C. No. 1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same shall be refunded after filing Income Tax Return for Tax Year 2019.

		June 30, 2019				June 30, 2018		
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
	Note	(Rupees in '000)						
<b>11. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>								
Preliminary expenses and floatation costs	11.1	425	425	-	850	-	-	-
Amortization during the period		(258)	(221)	-	(479)	-	-	-
		167	203	-	370	-	-	-

11.1 The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund as preliminary expenses and floatation costs which are to be amortized by the Fund over a period of two years commencing from respective period of each plan in accordance with the Trust Deed and the NBFC Regulations.

		June 30, 2019				June 30, 2018		
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
12. PAYABLE TO THE MANAGEMENT COMPANY	Note	(Rupees in '000)						
Remuneration payable	12.1	-	102	-	102	-	81	81
Sales tax on remuneration payable	12.2	-	13	-	13	-	11	11
Sales load payable		-	-	-	-	113	2,902	3,015
Allocated expenses payable	12.3	14	26	16	56	29	28	57
Other payables		449	430	5	884	24	5	29
		463	570	21	1,054	166	3,027	3,193

**12.1** As per the Offering Document of the Plans, no management fee shall be charged if the investment is made in the underlying Scheme of the Management Company. However, 1% management fee shall be charged if the investment is made in saving accounts and term deposits. Accordingly, the Management Company has charged 1% per annum of the term deposit receipt placed only in case of UBL Active Principal Preservation Plan II. No management fee is being charged in UBL Active Principal Preservation Plan I & UBL Active Principal Preservation Plan III as no investment is made in term deposits by both plans.

**12.2** Sales tax at the rate of 13% on gross value of management fee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

**12.3** As per regulation 60(3)(s) of 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 with effect, being lower.

		June 30, 2019				June 30, 2018		
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
13. PAYABLE TO THE TRUSTEE	Note	(Rupees in '000)						
Remuneration payable	13.1	14	26	16	56	13	25	38
Sales tax on remuneration payable	13.2	2	3	2	7	2	3	5
		16	29	18	63	15	28	43

**13.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and the Offering Document as per tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee on a monthly basis in arrears. The tariff structure is applicable to the Fund in respect of the trustee fee for the year ended June 30, 2019 is as follows:

Net assets	Tariff per annum
Up to Rs.1,000 million	0.1% of net assets of each Plan
On an amount exceeding Rs.1,000 million	Rs.1.0 million plus 0.075% p.a. of the net assets of each plan on an amount exceeding Rs.1,000 million
On an amount exceeding Rs.6,000 million	Rs.5.9 million plus 0.06% p.a. of net assets of each plan, on an amount exceeding Rs.6,000 million

**13.2** Sales tax at the rate of 13% on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

**14. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**

This represents annual fee payable to SECP in accordance with the NBFC Regulations whereby the Fund is required to pay to SECP an amount equal to 0.075% of the average daily net assets of each plan.

**15. TOTAL EXPENSE RATIO**

Total Expense Ratio of UBL Active Principal Preservation Plan I, UBL Active Principal Preservation Plan II and UBL Active Principal Preservation Plan III is 0.62%, 0.93% and 0.27% respectively as on June 30, 2019 and these include 0.13%, 0.20% and 0.07% representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee respectively. The ratio of each plan is within the maximum limit of 0.5% in case of UBL Active Principal Preservation Plan I, UBL Active Principal Preservation Plan III (as the management fee is not charged) and 2.5% in case of UBL Active Principal Preservation Plan II (as the management fee is charged), as prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as a Fund of Fund scheme.

		June 30, 2019				June 30, 2018		
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
Note		(Rupees in '000)						
16. ACCRUED AND OTHER LIABILITIES								
Auditors' remuneration		99	99	40	238	44	8	52
Withholding tax payable		-	727	30	757	-	787	787
Capital gain tax payable		1	1	-	2	-	2	2
Provision for Sindh Workers' Welfare Fund (SWWF)		106	238	21	365	30	41	71
Others		20	129	1,356	1,505	8	4,927	4,935
		226	1,194	1,447	2,867	82	5,765	5,847

**16.1 PROVISION FOR SINDH WORKERS' WELFARE FUND (SWWF)**

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015). However, All these plans have been launched after 2015 so provision for SWWF has been made from their respective date of launch.



The provision for SWWF is being made on a daily basis. Had the provision for SWWF not been recorded in the financial statements of the Fund, the net assets value of UBL Active Principal Preservation Plan I would have been higher by Rs.0.065 per unit, UBL Active Principal Preservation Plan II and UBL Active Principal Preservation Plan III would have been higher by Re.0.078 per unit and Re.0.011 per unit respectively as at June 30, 2019. (June 30, 2018: UAPPP-I: 0.02 per unit & UAPPP-II: 0.01 per unit).

## 17. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2019 (June 30, 2018: Nil).

## 18. BASIS OF ALLOCATION OF EXPENSES TO EACH PLAN

**18.1** Remuneration to the Management Company, the Trustee and annual fee to the SECP is allocated to each plan on the basis of the net assets of the plan, where applicable.

**18.2** Expenses specifically incurred by a plan, such as custody and settlement charges, fees and subscription, and bank charges are charged to that plan.

**18.3** Auditors' remuneration and legal and professional charges are allocated on the basis of the proportionate net assets of each plan.

## 19. AUDITORS' REMUNERATION

Annual audit fee  
Half yearly review fee  
fee for other certification and services

Sales tax  
Out of pocket expenses

June 30, 2019				June 30, 2018		
UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
(Rupees in '000)						
40	40	27	107	149	49	198
20	20	14	54	50	-	50
39	39	27	106	-	-	-
99	99	68	267	199	49	248
8	8	5	21	16	4	20
19	19	13	50	12	-	12
126	126	86	338	227	53	280

## 20. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed 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.

As the management company has distributed through cash atleast 90% of the funds net accounting income as reduced by capital gain whether realised or unrealised by the year-end to the unit holders, accordingly, no provision for taxation has been recognized in this financial statements.

## 21. TRANSACTIONS 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 Financial Services (Private) Limited, being entity under the common management or directorship, Central Depository Company of Pakistan Limited as trustee of the Fund, the directors key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules, NBFC Regulations and constitutive documents of the Fund respectively.

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

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	----- (Rupees in '000) -----					
For the period ended June 30, 2019						
<b>UBL Active Principal Preservation Plan I</b>						
<b>Transactions during the period</b>						
Mark-up on bank accounts	-	164	-	-	-	-
Bank and other charges	-	7	-	-	-	-
Units issued	-	-	-	-	-	-
Bonus units issued	-	-	-	-	-	-
Units redeemed	-	-	-	-	-	-
Remuneration (Inclusive of SST)	-	-	195	-	-	-
Allocated expenses	172	-	-	-	-	-
Purchase of investment	-	-	-	449,009	-	-
Sale of investment	-	-	-	457,655	-	-
Dividend received	-	-	-	74	-	-
<b>As at June 30, 2019</b>						
<b>Balances held</b>						
Units held (units in '000)	-	-	-	-	-	535
Units held (Rupees in '000)	-	-	-	-	-	55,159
Term Deposit Receipt (TDR)	-	-	-	-	-	-
Bank balances	-	1,195	-	-	-	-
Remuneration payable	-	-	16	-	-	-
Allocated expenses payable	14	-	-	-	-	-
Other payable	449	-	-	-	-	-
Units of mutual funds held	-	-	-	168,177	-	-
Sales load payable	-	-	-	-	-	-
Mark-up receivable	-	46	-	-	-	-

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
For the period ended June 30, 2019						
UBL Active Principal Preservation Plan II						
Transactions during the period						
Income from term deposit receipt (TDR)	-	8321	-	-	-	-
Mark-up on bank accounts	-	68	-	-	-	-
Bank and other charges	-	7	-	-	-	-
Units issued	-	-	-	-	-	1,243
Bonus units issued	-	-	-	-	-	-
Units redeemed	-	-	-	-	-	-
Remuneration (Inclusive of SST)	1,397	-	362	-	-	-
Allocated expenses	320	-	-	-	-	-
Purchase of investment	-	-	-	490,316	-	-
Sale of investment	-	-	-	523,368	-	-
Dividend paid	-	-	-	-	-	1,421
Dividend received	-	-	-	711	-	-
As at June 30, 2019						
Balances held						
Units held (units in '000)	-	-	-	-	-	635
Units held (Rupees in '000)	-	-	-	-	-	64,435
Term Deposit Receipt (TDR)	-	132,531	-	-	-	-
Bank balances	-	521	-	-	-	-
Remuneration payable	115	-	29	-	-	-
Allocated expenses payable	26	-	-	-	-	-
Other payable	430	-	-	-	-	-
Units of mutual funds held	-	-	-	177,306	-	-
Sales Load payable	-	-	-	-	-	-
Mark-up receivable	-	23	-	-	-	-
Mark-up receivable on TDR	-	8,868	-	-	-	-

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
For the period ended June 30, 2019						
UBL Active Principal Plan III						
Transactions during the period						
Mark-up on bank accounts	-	73	-	-	-	-
Bank and other charges	-	6	-	-	-	-
Units issued	-	-	-	-	-	40,105
Bonus units issued	-	-	-	-	-	-
Units redeemed	-	-	-	-	-	-
Remuneration (inclusive of SST)	-	-	157	-	-	-
Allocated expenses	139	-	-	-	-	-
Purchase of investment	-	-	-	777,013	-	-
Sale of investment	-	-	-	587,911	-	-
Dividend paid	-	-	-	-	-	44
Dividend received	-	-	-	-	-	-

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	----- (Rupees in '000) -----					
	As at June 30, 2019					
<b>Balances held</b>						
Units held (units in '000)	-	-	-	-	-	391
Units held (Rupees in '000)	-	-	-	-	-	39,226
Term Deposit Receipt (TDR)	-	-	-	-	-	-
Bank balances	-	1,751	-	-	-	-
Remuneration payable	-	-	18	-	-	-
Allocated expenses payable	16	-	-	-	-	-
Other payable	5	-	-	-	-	-
Units of mutual funds held	-	-	-	190,265	-	-
Sales load payable	-	1,300	-	-	-	-
Mark-up receivable	-	21	-	-	-	-
Mark-up receivable on TDR	-	-	-	-	-	-

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	----- (Rupees in '000) -----					
	For the period from February 28, 2018 to June 30, 2018					
<b>UBL Active Principal Preservation Plan I</b>						
<b><u>Transactions during the period</u></b>						
Mark-up on bank accounts	-	88	-	-	-	-
Bank and other charges	-	6	-	-	-	22
Units issued	-	-	-	-	-	55,319
Remuneration (Inclusive of SST)	-	-	67	-	-	-
Allocated expenses	62	-	-	-	-	-
Purchase of investment	-	-	-	639,801	-	-
Sale of investment	-	-	-	468,842	-	-

<b>As at June 30, 2018</b>						
<b>Balances held</b>						
Units held (units in '000)	-	-	-	-	-	535
Units held (Rupees in '000)	-	-	-	-	-	53,971
Bank balances	-	749	-	-	-	-
Remuneration payable	-	-	15	-	-	-
Sales load payable	113	7	-	-	-	-
Allocated expenses payable	29	-	-	-	-	-
Other payable	24	-	-	-	-	-
Mark-up receivable	-	88	-	-	-	-
Units of mutual funds held	-	-	-	172,638	-	-

UBL Active Principal Preservation Plan II	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
<b>Transactions during the period</b>	<b>For the period from May 31, 2018 to June 30, 2018</b>					
Income from term deposit receipt (TDR)	-	547	-	-	-	-
Bank charges	-	2	-	-	-	-
Units issued	-	-	-	-	-	64,387
Units redeemed	-	-	-	-	-	-
Remuneration (inclusive of SST)	92	-	29	-	-	-
Allocated expenses	28	-	-	-	-	-
Purchase of investment	-	-	-	935,673	-	-
Sale of investment	-	-	-	730,311	-	-
	<b>As at June 30, 2018</b>					
<b>Balances held</b>						
Units held (units in '000)	-	-	-	-	-	623
Units held (Rupees in '000)	-	-	-	-	-	62,694
Bank balances	-	80	-	-	-	-
Term deposit receipt (TDR)	-	124,210	-	-	-	-
Remuneration payable	81	-	28	-	-	-
Sales load payable	2,902	4,927	-	-	-	-
Allocated expenses payable	28	-	-	-	-	-
Other payable	5	-	-	-	-	-
Units of mutual funds held	-	-	-	207,715	-	-
Mark-up receivable on term deposit receipt (TDR)	-	547	-	-	-	-

## 22. FINANCIAL RISK MANAGEMENT

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

### 22.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity securities prices.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates.

##### a) Sensitivity analysis of variable rate instruments

Presently, the Fund does not hold any variable profit based investment except balances with banks in deposit account exposing the Fund to cash flow profit rate risk. The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs. 0.034 (2018: Rs.0.082) million.

##### b) Sensitivity analysis of fixed rate instruments

As at June 30, 2019, the Fund holds term deposit receipt (TDR) which is classified as 'loans and receivables', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in interest rates at period end, the net income for the period and net assets would be higher / lower by Rs.1.24 million (2018: Rs.1.24 million).

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

On-balance sheet financial instruments	Interest rate	June 30, 2019												Total
		UBL Active Principal Preservation Plan I				UBL Active Principal Preservation Plan II				UBL Active Principal Preservation Plan III				
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		
(Rupees in '000)														
Financial assets	8.00-8.25	1,195	-	-	-	521	-	-	165	1,751	-	-	-	3,632
Bank balances														
Investments	6.75	-	-	-	168,177	-	-	132,531	177,306	-	-	-	190,265	668,279
Mark-up and other receivables		-	-	-	46	-	-	-	188	-	-	-	21	255
		1,195	-	-	168,223	521	-	132,531	177,659	1,751	-	-	190,286	672,167
Financial liabilities														
Payable to the Management Company		-	-	-	463	-	-	-	570	-	-	-	21	1,054
Payable to the Trustee		-	-	-	14	-	-	-	26	-	-	-	16	56
Accrued and other liabilities		-	-	-	111	-	-	-	220	-	-	-	1,391	1,722
		-	-	-	588	-	-	-	816	-	-	-	1,428	2,832
On-balance sheet gap		1,195	-	-	167,635	521	-	132,531	176,843	1,751	-	-	188,859	669,334

There is no off-balance sheet financial instrument that exist as on June 30, 2019.

	Interest rate	June 30, 2018								Total
		UBL Active Principal Preservation Plan I				UBL Active Principal Preservation Plan II				
		Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		Upto three months	More than three months and up to one year	More than one year		
(Rupees in '000)										
On-balance sheet financial instruments										
Financial assets										
Bank balances	4.00-7.50	749	-	-	-	80	-	-	-	749
Investments	6.75	-	-	-	172,638	-	-	124,210	207,715	172,638
Mark-up and other receivables		-	-	-	87	-	-	-	713	87
		749	-	-	172,725	80	-	123,662	208,428	173,474
Financial liabilities										
Payable to the Management Company		-	-	-	166	-	-	-	3,016	166
Payable to the Trustee		-	-	-	13	-	-	-	25	13
Accrued and other liabilities		-	-	-	49	-	-	-	4,934	49
		-	-	-	228	-	-	-	7,975	228
On-balance sheet gap		749	-	-	172,497	80	-	123,662	200,453	173,246

There is no off-balance sheet financial instrument that exist as on June 30, 2018.

## 22.3 Foreign currency risk

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

## 22.4 Price risk

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

### UBL Active Principal Preservation Plan I

The plan is exposed to equity price risk because of units of mutual funds held and classified on the balance sheet as 'at fair value through profit or loss - held-for-trading'. In case of 5% increase / decrease in net assets value (NAV) of the said mutual funds on June 30, 2019, the net assets relating to the plan and total net assets of the Fund would increase / decrease by Rs.8.41 million (June 30, 2018: Rs.8.63 million).

### UBL Active Principal Preservation Plan II

The plan is exposed to equity price risk because of units of mutual funds held and classified on the balance sheet as 'at fair value through profit or loss - held-for-trading'. In case of 5% increase / decrease in net assets value (NAV) of the said mutual funds on June 30, 2019, the net assets relating to the plan and total net assets of the Fund would increase / decrease by Rs.8.87 million (June 30, 2018: Rs.10.39 million).

### UBL Active Principal Preservation Plan III

The plan is exposed to equity price risk because of units of mutual funds held and classified on the balance sheet as 'at fair value through profit or loss - held-for-trading'. In case of 5% increase / decrease in net assets value (NAV) of the said mutual funds on June 30, 2019, the net assets relating to the plan and total net assets of the Fund would increase / decrease by Rs.9.51 million (June 30, 2018: Rs.Nil).

The analysis is based on the assumption that the net assets value increased / decreased by 5% with all other variables held constant and all the plans' equity instruments moved according to the historical correlation with the net assets value of mutual funds. This represents management's best estimate of a reasonable possible shift in the net assets value of the mutual funds. The composition of the each plan's investment portfolio and the correlation thereof to the net assets value of the mutual funds, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the each plan's net assets of future movements in net assets value of the mutual funds.

## 22.5 Credit risk

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

	June 30, 2019			Total
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	
	(Rupees in '000)			
Bank balances	1,195	521	1,751	3,467
Term deposit receipts	-	132,531	-	132,531
Investments	168,177	177,306	190,265	535,748
Mark-up and other receivables	46	188	21	255
	<b>169,418</b>	<b>310,546</b>	<b>192,037</b>	<b>672,001</b>

All deposits with banks are highly rated and risk of default is considered minimal.

	June 30, 2018		Total
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	
	(Rupees in '000)		
Bank balances	749	80	829
Term deposit receipts	-	123,662	123,662
Investments	172,638	207,715	380,353
Mark-up and other receivables	87	713	800
	<b>173,474</b>	<b>332,170</b>	<b>505,644</b>

All deposits with banks are highly rated and risk of default is considered minimal.

The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2019:

	----- (%) -----
<b>Bank balances by rating category</b>	
AAA	<b>100%</b>

The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2018:

AAA	93.16%
AA	6.84%
<b>Total</b>	<b>100%</b>

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

## 22.6 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request 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. The Fund did not withhold any significant redemption during the period. Further, the Fund also has the ability to suspend redemption of units with approval of Board of Directors of the Management Company in extraordinary circumstances.

The table below analyses the all plans' financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

June 30, 2019									Total	
UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II			UBL Active Principal Preservation Plan III				
Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year		
(Rupees in '000)										
Financial liabilities										
Payable to the Management Company	463	-	-	570	-	-	21	-	-	1,054
Payable to the Trustee	14	-	-	26	-	-	16	-	-	56
Accrued and other liabilities	20	91	-	140	80	-	1,356	35	-	1,722
	497	91	-	736	80	-	1,393	35	-	2,832

June 30, 2018							Total
UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II				
Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year		
(Rupees in '000)							
Financial liabilities							
Payable to the Management Company	166	-	-	3,016	-	-	3,182
Payable to the Trustee	13	-	-	25	-	-	38
Accrued and other liabilities	8	41	-	4,927	7	-	4,983
	187	41	-	7,968	7	-	8,203

## 22.7 Unit holders' fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.



## 22.8 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

## 23. Fair value of financial instruments

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

The table below analyse financial instruments measured at the end of the financial year by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<u>As at June 30, 2019</u>				
Financial assets measured at fair value				
Investments (Mutual Funds)	535,748	-	-	535,748

	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<u>As at June 30, 2018</u>				
<b>Financial assets measured at fair value</b>				
Investments (Mutual Funds)	380,353	-	-	380,353

## 24. SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding unit holding pattern, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

## 25. GENERAL

**25.1** Figures have been rounded off to the nearest thousand rupee.

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

## 26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on 30-AUG-2019.

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

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

SD  
\_\_\_\_\_  
Director

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

# USSF

## UBL Special Savings Fund

### INVESTMENT OBJECTIVE

UBL Special Savings Fund shall be an open-end Capital Protected Fund that aims to not only provide its unitholders capital preservation but competitive regular returns from a portfolio of fixed income investments in line with the risk tolerance of the Investor.

<b>Management Company</b>	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>Auditor</b>	KPMG - Taseer Hadi & Co
<b>Bankers</b>	JS Bank Limited Soneri Bank Limited Soneri Bank Limited
<b>Management Co.Rating</b>	AM1 (JCR-VIS)

## Fund Manager's Report – UBL Financial Planning Fund

### UBL Special Savings Plan - I (USSP-I)

#### I. Description of the Collective Investment Scheme category and type

Capital protected Scheme / Open-end

#### II. Statement of Collective Investment Scheme's investment objective

The "UBL Special Savings Plan-I (USSP-I)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty six (36) Months from commencement of life of plan

#### III. Explanation as to whether the Collective Investment Scheme achieved its stated objective

The fund achieved its stated objective

#### IV. Statement of benchmark(s) relevant to the Collective Investment Scheme

Average of 6M PKRV rates.

#### V. Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
USSP-I	-	-	-	-	6.55%	8.54%	29.19%	2.64%	5.20%	14.84%	-18.73%	1.84%	5.46%
Benchmark	-	-	-	-	9.69%	10.44%	10.51%	10.63%	10.78%	11.07%	11.89%	12.83%	11.02%

#### i) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

During the period under review, the Fund had a return of 5.46%. The fund had an exposure of over 90% in PIBs during the period. Net assets of the fund were PKR 460 mn at the end of FY19.

**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-18	Jun-19
Placements with banks	0%	0%
PIB	0%	91%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	0%
Cash	0%	5%
Others	0%	4%
Leverage	0%	0%

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

FY'19 Return: 5.46%  
Standard Deviation (12m trailing): n/a  
Sharpe Ratio (12m trailing): n/a

iii) **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-19	09-Nov-18	Change	30-Jun-19	09-Nov-18	Change
Rupees (000)		%	Rupees		%
459,720	202,369	127.17	97.6060	100.00	(2.39)

iv) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-I are equity and money-market CIS and the market reviews are as follows:

**Debt Market Review for FY19**

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

- VI. **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 -----		
21 Dec 2018	-	5,203	.8513	100.8513	100.00
24 June 2019	-	23,724	4.9878	102.5778	97.59

- VII. **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 state of affairs of the scheme.

- VIII. **Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP I
0.0001 - 9,999.9999	148
10,000.0000 - 49,999.9999	98
50,000.0000 - 99,999.9999	9
100,000.0000 - 499,999.9999	8
500,000.0000 & Above	
<b>Total</b>	<b>268</b>

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

There were no unit splits during the period.

- X. **Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and market risk.

- XI. **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.

## Fund Manager's Report – UBL Financial Planning Fund

### UBL Special Savings Plan - II (USSP-II)

#### I. Description of the Collective Investment Scheme category and type

Capital protected Scheme / Open-end

#### II. Statement of Collective Investment Scheme's investment objective

The "UBL Special Savings Plan II (USSP II)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty six (36) Months from commencement of life of plan.

#### III. Explanation as to whether the Collective Investment Scheme achieved its stated objective

The fund achieved its stated objective

#### IV. Statement of benchmark(s) relevant to the Collective Investment Scheme

Average of 6M PKRV rates.

#### V. Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
USSP-II	-	-	-	-	-	-	-	9.37%	14.15%	16.30%	-18.18%	1.84%	3.56%
Benchmark	-	-	-	-	-	-	-	10.63%	10.78%	11.07%	11.89%	12.83%	11.47%

#### VI. Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

The Fund was launched on 5-Feb-'19. During the period, the Fund generated 3.56% return. Net assets of the fund stood at PKR 902 mn at FY19 end.

**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-18	Jun-19
Placements with banks	0%	0%
PIB	0%	90%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	0%
Cash	0%	4%
Others	0%	6%
Leverage	0%	0%

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

FY'19 Return: 3.56%

Standard Deviation (12m trailing): n/a

ii) **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-19	05-Feb-19	Change	30-Jun-19	05-Feb-19	Change
Rupees (000)		%	Rupees		%
901,819	12,063	7,376	97.4116	100.00	(2.59)

iii) **Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-I are equity and money-market CIS and the market reviews are as follows:

**Debt Market Review for FY19**

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.



- VII. 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 -----		
24 June 2019	-	36,640	3.9974	101.4274	97.43

- VIII. 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 state of affairs of the scheme.

- IX. Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP II
0.0001 - 9,999.9999	310
10,000.0000 - 49,999.9999	119
50,000.0000 - 99,999.9999	23
100,000.0000 - 499,999.9999	13
500,000.0000 & Above	1
<b>Total</b>	<b>466</b>

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

There were no unit splits during the period.

- XI. Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and market risk.

- XII. 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.

## Fund Manager's Report – UBL Financial Planning Fund

### UBL Special Savings Plan - III (USSP III)

#### I. Description of the Collective Investment Scheme category and type

Capital protected Scheme / Open-end

#### II. Statement of Collective Investment Scheme's investment objective

The "UBL Special Savings Plan III (USSP III)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for thirty six (36) Months from commencement of life of plan.

#### III. Explanation as to whether the Collective Investment Scheme achieved its stated objective

The fund achieved its stated objective

#### IV. Statement of benchmark(s) relevant to the Collective Investment Scheme

Average of 6M PKRV rates.

#### V. Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
USSP-III	-	-	-	-	-	-	-	-	-	7.54%	-1.75%	4.76%	2.52%
Benchmark	-	-	-	-	-	-	-	-	-	11.06%	11.89%	12.83%	12.11%

#### VI. Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

During the period under review, the Fund had a return of 2.52%. Fund size was PKR 265 mn at the end of FY19.

**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-18	Jun-19
Placements with banks	0%	0%
PIB	0%	96%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	0%
Cash	0%	0%
Others	0%	4%
Leverage	0%	0%

**VII. Analysis of the Collective Investment Scheme's performance**

FY'19 Return:	2.52%
Standard Deviation (12m trailing):	n/a
Sharpe Ratio (12m trailing):	n/a

**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-19	17-Apr-19	Change	30-Jun-19	17-Apr-19	Change
Rupees (000)		%	Rupees		%
264,825	1500	17,556	98.8607	100.00	(1.14)

**IX. Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-I are equity and money-market CIS and the market reviews are as follows:

**Debt Market Review for FY19**

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

- 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 -----		
28 June 2019	-	4,412	1.6531	100.6057	98.9526

- 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 state of affairs of the scheme.

- XII. Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP-III
0.0001 - 9,999.9999	99
10,000.0000 - 49,999.9999	39
50,000.0000 - 99,999.9999	2
100,000.0000 - 499,999.9999	2
500,000.0000 & Above	1
<b>Total</b>	<b>143</b>

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

There were no unit splits during the period.

- XIV. Disclosure of circumstances that materially affect any interests of unit holders**

Investment are subject to credit and 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.

## Fund Manager's Report – UBL Financial Planning Fund

### UBL Special Savings Plan - IV (USSP-IV)

#### I. Description of the Collective Investment Scheme category and type

Capital protected Scheme / Open-end

#### II. Statement of Collective Investment Scheme's investment objective

The "UBL Special Savings Plan IV (USSP IV)" is an Allocation Plan under "UBL Special Savings Fund". The objective is to earn competitive regular return with capital preservation for unit holders who hold their investment for twenty four (24) Months from commencement of life of plan.

#### III. Explanation as to whether the Collective Investment Scheme achieved its stated objective

The fund achieved its stated objective

#### IV. Statement of benchmark(s) relevant to the Collective Investment Scheme

Average of 6M PKRV rates.

#### V. Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
USSP-IV	-	-	-	-	-	-	-	-	-	-	11.81%	7.72%	7.85%
Benchmark	-	-	-	-	-	-	-	-	-	-	12.80%	12.83%	12.83%

#### VI. Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

During the period under review, the Fund had a return of 7.85%. Fund size stood at PKR 183 mn at the period end.

**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-18	Jun-19
Placements with banks	0%	0%
PIB	0%	71%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	0%
Cash	0%	20%
Others	0%	9%
Leverage	0%	0%

**VII. Analysis of the Collective Investment Scheme's performance**

FY'19 Return:	7.85%
Standard Deviation (12m trailing):	n/a
Sharpe Ratio (12m trailing):	n/a

**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-19	31-May-19	Change	30-Jun-19	31-May-19	Change
Rupees (000)		%	Rupees		%
182,787	156,469	16.82	99.6688	100.00	(0.33)

**IX. Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and returns during the period**

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-I are equity and money-market CIS and the market reviews are as follows:

**Debt Market Review for FY19**

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

- 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 -----		
28 June 2019	-	1,740	0.9757	100.7045	99.7288

- 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 state of affairs of the scheme.

- XII. Breakdown of unit holdings by size**

Range of Units	Number of Investors
	USSP IV
0.0001 - 9,999.9999	36
10,000.0000 - 49,999.9999	26
50,000.0000 - 99,999.9999	2
100,000.0000 - 499,999.9999	2
500,000.0000 & Above	1
<b>Total</b>	<b>67</b>

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

There were no unit splits during the period.

- XIV. Disclosure of circumstances that materially affect any interests of unit holders**

Investments are subject to credit and 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 Special Savings Fund ( USSP I)

**2019**

**NET ASSETS AS AT 30 JUNE - Rupees in '000**

**459,720**

**NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees**

Class A units - Offer

**97.6060**

- Redemption \*

**96.5411**

#### **RETURN OF THE FUND - %**

Total Return of the Fund

**5.46**

Capital Growth (per unit)

**(0.38)**

Date of Income Distribution

**21-Dec-18**

Income Distribution

**0.85**

Date of Income Distribution

**24-Jun-19**

Income Distribution

**4.99**

#### **AVERAGE ANNUAL RETURN - %**

Since Launch/ One Year

**5.46**

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

Highest price per unit - Class A units - Offer

**104.3738**

Highest price per unit - Class A units - Redemption

**103.2351**

Lowest price per unit - Class A units - Offer

**97.5379**

Lowest price per unit - Class A units - Redemption

**96.4738**

\* Back-end load @ 1.091% is applicable

#### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

#### **PORTFOLIO COMPOSITION BY CATEGORY - %**

Bank Balances

**5.00**

PIBs

**91.00**

others

**4.00**

#### **PORTFOLIO COMPOSITION BY MARKET - %**

Debt Market

**100.00**

Equity Market

**0.00**

Note:

- The Launch date of Fund is 09 November 2018

## **DISCLAIMER**

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



## **PERFORMANCE TABLE**

### UBL Special Savings Fund ( USSP II)

**2019**

**NET ASSETS AS AT 30 JUNE - Rupees in '000**

**901,819**

**NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees**

Class A units - Offer

**97.4116**

- Redemption \*

**96.3488**

**RETURN OF THE FUND - %**

Total Return of the Fund

**3.56**

Capital Growth (per unit)

**(0.44)**

Date of Income Distribution

**24-Jun-19**

Income Distribution

**4.00**

**AVERAGE ANNUAL RETURN - %**

Since Launch/ One Year

**3.56**

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

Highest price per unit - Class A units - Offer

**103.13**

Highest price per unit - Class A units - Redemption

**102.00**

Lowest price per unit - Class A units - Offer

**97.34**

Lowest price per unit - Class A units - Redemption

**96.28**

\* Back-end load @ 1.091% is applicable

**PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

**PORTFOLIO COMPOSITION BY CATEGORY - %**

Bank Balance

**4.00**

PIBs

**90.00**

others

**6.00**

**PORTFOLIO COMPOSITION BY MARKET - %**

Debt Market

**100.00**

Equity Market

**0.00**

Note:

- The Launch date of Fund is 05 Feb 2019

## **DISCLAIMER**

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

## **PERFORMANCE TABLE**

### UBL Special Savings Fund ( USSP III)

**2019**

**NET ASSETS AS AT 30 JUNE - Rupees in '000**

**264,825**

**NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees**

Class A units - Offer

**98.8607**

- Redemption \*

**97.7821**

**RETURN OF THE FUND - %**

Total Return of the Fund

**2.52**

Capital Growth (per unit)

**0.87**

Date of Income Distribution

**28-Jun-19**

Income Distribution

**1.65**

**AVERAGE ANNUAL RETURN - %**

Since Launch/ One Year

**2.52**

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

Highest price per unit - Class A units - Offer

**100.76**

Highest price per unit - Class A units - Redemption

**99.66**

Lowest price per unit - Class A units - Offer

**98.79**

Lowest price per unit - Class A units - Redemption

**97.71**

\* Back-end load @ 1.091% is applicable

**PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

**PORTFOLIO COMPOSITION BY CATEGORY - %**

Bank Balances

**0.00**

PIBs

**96.00**

others

**4.00**

**PORTFOLIO COMPOSITION BY MARKET - %**

Debt Market

**100.00**

Equity Market

**0.00**

Note:

- The Launch date of Fund is 17 April 2019

## **DISCLAIMER**

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

## **PERFORMANCE TABLE**

### UBL Special Savings Fund ( USSP IV)

**2019**

**NET ASSETS AS AT 30 JUNE - Rupees in '000**

**182,787**

**NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees**

Class A units - Offer \*

**101.3582**

- Redemption

**99.6688**

### **RETURN OF THE FUND - %**

Total Return of the Fund

**7.85**

Capital Growth (per unit)

**6.87**

Date of Income Distribution

**28-Jun-19**

Income Distribution

**0.98**

### **AVERAGE ANNUAL RETURN - %**

Since Launch/ One Year

**7.85**

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

Highest price per unit - Class A units - Offer

**102.41**

Highest price per unit - Class A units - Redemption

**100.70**

Lowest price per unit - Class A units - Offer

**101.30**

Lowest price per unit - Class A units - Redemption

**99.61**

\* Front-end load upto 2% is applicable

### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

### **PORTFOLIO COMPOSITION BY CATEGORY - %**

Bank Balances

**20.00**

PIBs

**71.00**

others

**9.00**

### **PORTFOLIO COMPOSITION BY MARKET - %**

Debt Market

**100.00**

Equity Market

**0.00**

Note:

- The Launch date of Fund is 30 May 2019

## **DISCLAIMER**

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

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021- 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL SPECIAL SAVINGS 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 Special Savings 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 period from November 9, 2018 to June 30, 2019 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.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 20, 2019



**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)  
REGULATIONS, 2017 BY UBL FUND MANAGERS LIMITED**

**NAME OF FUND:** UBL Special Savings Fund

**YEAR ENDING:** JUNE 30, 2019

The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited (the Management Company) of UBL Special Savings Fund (the Fund), for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of Corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2017 (the Regulations).

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
  - a. Male: Five Directors;
  - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid
	Ms. Naz Khan
Executive Directors	Mr. Yasir Qadri
Non - Executive Directors	Mr. Imran Sarwar
	Ms. Sadia Saeed
	Mr. Tauqeer Mazhar
	Syed Furrukh Zaeem

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The Management Company has placed the Whistle Blowing Policy, Proxy Policy and the Principles of the Code of Conduct (Statement of Ethics and Business Practice) on its website.
6. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 (the Act) and these Regulations.
7. The Board has a formal and effective mechanism in place for an annual evaluation of the Board's, Board Committee's and Board Member's own performance.
8. The Chairman of the Board is an Independent director. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act and these Regulations.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

**UBL FUND MANAGERS LIMITED**

+92 21 111 825 262

info@ublfunds.com

4<sup>th</sup> Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

www.ublfunds.com



10. Following directors and executives have acquired the prescribed Director Training Program (DTP) certification:

**Directors**

- a. Mr. Imran Sarwar
- b. Mr. Tauqeer Mazhar
- c. Mr. Yasir Qadri
- d. Ms. Naz Khan
- e. Ms. Sadia Saeed
- f. Syed Furrukh Zaeem

**Executives**

- a. S.M. Aly Osman
- b. Mr. Amin Gulamani
- c. Mr. Ammar Valika
- d. Mr. Hadi Hassan Mukhi
- e. Mr. Umair Ahmed
- f. Mr. Zeeshan Quddus

11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
12. CFO and CEO duly endorsed the financial statements before approval of the Board.
13. The Board has formed committees comprising of members given below. The Board Audit Committee and the Board Human Resource & Compensation Committee are chaired by separate Independent directors:

- a. Board Audit Committee
  - i. Ms. Naz Khan (Chair),
  - ii. Mr. Imran Sarwar,
  - iii. Ms. Sadia Saeed,
  - iv. Mr. Tauqeer Mazhar.
- b. Board Human Resource & Compensation Committee
  - i. Mr. Azhar Hamid (Chairman),
  - ii. Ms. Naz Khan,
  - iii. Ms. Sadia Saeed,
  - iv. Syed Furrukh Zaeem,
  - v. Mr. Yasir Qadri.
- c. Board Risk & Compliance Committee
  - i. Mr. Imran Sarwar (Chairman),
  - ii. Mr. Azhar Hamid,
  - iii. Syed Furrukh Zaeem,
  - iv. Mr. Tauqeer Mazhar,
  - v. Mr. Yasir Qadri.

14. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.

15. The frequency of meetings of the Committee were as per following:
- Board Audit Committee : Quarterly Meeting-6 meetings held
  - Board Human Resource & Compensation Committee: 4 meetings held
  - Board Risk & Compliance Committee: Quarterly Meeting-4 meetings held
16. The Board has set up an independent and effective internal audit function and the audit personnel are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
17. 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) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
18. The Board Audit Committee recommends to the Board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the fund by the external auditors in addition to audit of its financial statements.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that any other significant requirements of the Regulations have been complied with.



**AZHAR HAMID**  
Chairman

Karachi.  
Dated: **August 30, 2019**





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **To the Unit holders of UBL Special Savings Fund**

#### **Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of UBL Fund Managers Limited ("the Management Company") for and on behalf of UBL Special Savings Fund ("the Fund") for the period from 9 November 2018 to 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.





KPMG Taseer Hadi & Co.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the period from 9 November 2018 to 30 June 2019.

Further, we highlight that the Securities and Exchange Commission of Pakistan (SECP) through its letter dated 18 April 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective Investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of the Management Company, has voluntarily opted to comply with the relevant provisions of the Regulations.

**Date: 23 September 2019**

**Karachi**

*KPMG Taseer Hadi & Co.*

**KPMG Taseer Hadi & Co.  
Chartered Accountants**



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

### **Independent Auditors' Report**

#### **To the Unit holders of UBL Special Savings Fund**

#### **Report on the Audit of the Financial Statements**

##### ***Opinion***

We have audited the financial statements of **UBL Special Savings Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2019, income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the period from 9 November 2018 to 30 June 2019, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2019, and of its financial performance and its cash flows for the period from 9 November 2018 to 30 June 2019 in accordance with the accounting and reporting standards as applicable in Pakistan.

##### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### ***Key Audit Matter***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.



KPMG Taseer Hadi & Co.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the annual report for the period from 9 November 2018 to 30 June 2019, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Board of Directors for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Fund's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be





## KPMG Taseer Hadi & Co.

expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

UBL Special Savings Fund  
Statement of Assets and Liabilities  
As at 30 June 2019

		2019				
		USSP-I	USSP-II	USSP-III	USSP-IV	Total
Note		(Rupees in '000)				
<b>Assets</b>						
Bank balances	4	23,311	39,497	543	37,274	100,625
Investments	5	426,850	840,705	255,564	130,003	1,653,122
Profit receivables	6	16,294	33,486	11,179	6,212	67,171
Prepayments and other receivables	7	-	22,152	191	9,894	32,237
Preliminary expenses and floatation cost	8	890	-	-	-	890
Advance tax	9	214	39	36	3	292
<b>Total assets</b>		<b>467,559</b>	<b>935,879</b>	<b>267,513</b>	<b>183,386</b>	<b>1,854,337</b>
<b>Liabilities</b>						
Payable to the Management Company	10	2,447	983	1,957	219	5,606
Payable to Central Depository Company of Pakistan Limited - Trustee	11	40	77	22	14	153
Payable to Securities and Exchange Commission of Pakistan	12	229	213	23	10	475
Dividend payable		-	627	-	-	627
Accrued expenses and other payables	13	5,123	32,160	686	356	38,325
<b>Total liabilities</b>		<b>7,839</b>	<b>34,060</b>	<b>2,688</b>	<b>599</b>	<b>45,186</b>
<b>Net assets</b>		<b>459,720</b>	<b>901,819</b>	<b>264,825</b>	<b>182,787</b>	<b>1,809,151</b>
<b>Unit holders' fund</b> (as per statement attached)		<b>459,720</b>	<b>901,819</b>	<b>264,825</b>	<b>182,787</b>	<b>1,809,151</b>
<b>Contingencies and commitments</b>						
	17	(Number of units)				
<b>Number of units in issue</b>		<b>4,709,959</b>	<b>9,257,824</b>	<b>2,678,767</b>	<b>1,833,947</b>	
(Rupees in '000)						
<b>Net assets value per unit</b>		<b>97.6060</b>	<b>97.4116</b>	<b>98.8607</b>	<b>99.6688</b>	

The annexed notes 1 to 30 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer

# UBL Special Savings Fund

## Income Statement

For the period from 09 November 2018 to 30 June 2019

		For the period from 09 November 2018 to 30 June 2019	For the period from 05 February 2019 to 30 June 2019	For the period from 17 April 2019 to 30 June 2019	For the period from 30 May 2019 to 30 June 2019	Total
		USSP-I	USSP-II	USSP-III	USSP-IV	
	Note	(Rupees in '000)				
<b>Income</b>						
Markup on bank deposits and mark-up / return on investments calculated using the effective interest method	14	35,022	34,149	3,755	1,759	74,685
Realised loss on sale of investments	15	(1,503)	(1,071)	-	-	(2,574)
Other income		357	350	114	-	821
		33,876	33,428	3,869	1,759	72,932
<b>Expenses</b>						
Remuneration of the Management Company	10.1	3,061	2,838	306	137	6,342
Sindh sales tax on the Management Company's remuneration		398	369	40	18	825
Selling and marketing expenses	10.2	636	-	-	-	636
Remuneration of Central Depository Company of Pakistan Limited - Trustee		332	296	31	13	672
Annual fee of Securities and Exchange Commission of Pakistan	12	229	213	23	10	475
Auditors' remuneration	16	265	50	17	6	338
Formation cost		241	-	-	-	241
Bank charges		11	10	6	2	29
Listing fees		17	7	2	1	27
Legal and professional charges		74	30	10	4	118
Brokerage expenses		11	76	-	-	87
Other expenses		3	11	-	-	14
<b>Total operating expenses</b>		5,278	3,900	435	191	9,804
<b>Net income from operating activities</b>		28,598	29,528	3,434	1,568	63,128
Provision for Sindh Workers' Welfare Fund	13.1	(561)	(580)	(68)	(31)	(1,240)
<b>Net income for the period before taxation</b>		28,037	28,948	3,366	1,537	61,888
Taxation	20	-	-	-	-	-
<b>Net income for the period after taxation</b>		28,037	28,948	3,366	1,537	61,888
<b>Allocation of net income for the period after taxation</b>						
Net income for the period after taxation		28,037	28,948	3,366	1,537	61,888
Income already paid on units redeemed		(1,133)	(221)	(3)	(25)	(1,382)
Accounting income available for distribution		26,904	28,727	3,363	1,512	60,506
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-	-	-	-	-
- Excluding capital gains		26,904	28,727	3,363	1,512	60,506
		26,904	28,727	3,363	1,512	60,506

The annexed notes 1 to 30 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer

UBL Special Savings Fund  
Statement of Comprehensive Income  
For the period from 09 November 2018 to 30 June 2019

	For the period from 09 November 2018 to 30 June 2019	For the period from 05 February 2019 to 30 June 2019	For the period from 17 April 2019 to 30 June 2019	For the period from 30 May 2019 to 30 June 2019	Total
	USSP-I	USSP-II	USSP-III	USSP-IV	
	(Rupees in '000)				
Net income for the period after taxation	28,037	28,948	3,366	1,537	61,888
Other comprehensive income for the period					
<i>Items to be reclassified to income statement in subsequent periods:</i>					
Unrealised loss on re-measurement of investments - classified at fair value through other comprehensive income	(11,665)	(24,654)	(2,970)	(515)	(39,804)
Reclassification adjustment relating to investments - at fair value through other comprehensive income sold during the period.	-	-	-	-	-
	(11,665)	(24,654)	(2,970)	(515)	(39,804)
<b>Total comprehensive income for the period</b>	<b>16,372</b>	<b>4,294</b>	<b>396</b>	<b>1,022</b>	<b>22,084</b>

The annexed notes 1 to 30 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer

UBL Special Savings Fund  
Statement of Movement in Unit Holders' Fund  
For the period from 09 November 2018 to 30 June 2019

	For the period from 09 November 2018 to 30 June 2019				For the period from 05 February 2019 to 30 June 2019				For the period from 17 April 2019 to 30 June 2019				For the period from 30 May 2019 to 30 June 2019				Total			
	---USSP-I---				---USSP-II---				---USSP-III---				---USSP-IV---							
	Capital value	Undistributed income	Unrealised diminution on revaluation of fair value through OCI	Total	Capital value	Undistributed income	Unrealised diminution on revaluation of fair value through OCI	Total	Capital value	Undistributed income	Unrealised diminution on revaluation of fair value through OCI	Total	Capital value	Undistributed income	Unrealised diminution on revaluation of fair value through OCI	Total	Capital value	Undistributed income	Unrealised diminution on revaluation of fair value through OCI	Total
	----- (Rupees in '000) -----				----- (Rupees in '000) -----				----- (Rupees in '000) -----				----- (Rupees in '000) -----				----- (Rupees in '000) -----			
<b>Issuance of 7,176,966, 9,414,054, 2,683,758, and 1,877,650 units</b>																				
- Capital value	717,697	-	-	717,697	941,405	-	-	941,405	268,376	-	-	268,376	187,765	-	-	187,765	2,115,243	-	-	2,115,243
- Element of income during the period relating to other comprehensive income	(2)	-	-	(2)	448	-	-	448	(770)	-	-	(770)	(55)	-	-	(55)	(379)	-	-	(379)
relating to net income for the period after taxation	2,079	-	-	2,079	8,288	-	-	8,288	1,737	-	-	1,737	184	-	-	184	12,288	-	-	12,288
Total proceeds on issuance of units	719,774	-	-	719,774	950,141	-	-	950,141	269,343	-	-	269,343	187,894	-	-	187,894	2,127,152	-	-	2,127,152
<b>Redemption of 2,467,008, 156,230, 4,992, and 43,703 units</b>																				
- Capital value	(246,701)	-	-	(246,701)	(15,623)	-	-	(15,623)	(499)	-	-	(499)	(4,370)	-	-	(4,370)	(267,193)	-	-	(267,193)
- Element of income during the period relating to other comprehensive income	(306)	-	-	(306)	17	-	-	17	1	-	-	1	(5)	-	-	(5)	(293)	-	-	(293)
relating to net income for the period after taxation	641	(1,133)	-	(492)	(149)	(221)	-	(370)	(1)	(3)	-	(4)	11	(25)	-	(14)	502	(1,382)	-	(880)
Total payments on redemption of units	(246,366)	(1,133)	-	(247,499)	(15,755)	(221)	-	(15,976)	(499)	(3)	-	(502)	(4,364)	(25)	-	(4,389)	(266,984)	(1,382)	-	(268,366)
Total comprehensive income for the period	-	28,037	(11,665)	16,372	-	28,948	(24,654)	4,294	-	3,366	(2,970)	396	-	1,537	(515)	1,022	-	61,888	(39,804)	22,084
Distribution during the period																				
- UBL Special Savings Plan I @ Rs. 0.8513 per unit paid on 21 December 2018	(2,079)	(3,124)	-	(5,203)	-	-	-	-	-	-	-	-	-	-	-	-	(2,079)	(3,124)	-	(5,203)
- UBL Special Savings Plan I @ Rs. 4.9878 per unit paid on 24 June 2019	(80)	(23,644)	-	(23,724)	-	-	-	-	-	-	-	-	-	-	-	-	(80)	(23,644)	-	(23,724)
- UBL Special Savings Plan II @ Rs. 3.9974 per unit paid on 24 June 2019	-	-	-	-	(8,937)	(27,703)	-	(36,640)	-	-	-	-	-	-	-	-	(8,937)	(27,703)	-	(36,640)
- UBL Special Savings Plan III @ Rs. 1.6531 per unit paid on 28 June 2019	-	-	-	-	-	-	-	-	(989)	(3,423)	-	(4,412)	-	-	-	-	(989)	(3,423)	-	(4,412)
- UBL Special Savings Plan IV @ Rs. 0.9757 per unit paid on 28 June 2019	-	-	-	-	-	-	-	-	-	-	-	-	(150)	(1,590)	-	(1,740)	(150)	(1,590)	-	(1,740)
<b>Net income for the period less distribution</b>	(2,159)	1,269	(11,665)	(12,555)	(8,937)	1,245	(24,654)	(32,346)	(989)	(67)	(2,970)	(4,016)	(150)	(53)	(515)	(718)	(12,235)	2,404	(39,804)	(49,635)
<b>Net assets at end of the period</b>	<b>471,249</b>	<b>136</b>	<b>(11,665)</b>	<b>459,720</b>	<b>925,449</b>	<b>1,024</b>	<b>(24,654)</b>	<b>901,819</b>	<b>267,855</b>	<b>(60)</b>	<b>(2,970)</b>	<b>264,825</b>	<b>183,380</b>	<b>(78)</b>	<b>(515)</b>	<b>182,787</b>	<b>1,847,933</b>	<b>1,022</b>	<b>(39,804)</b>	<b>1,809,151</b>
<b>Accounting income available for distribution :</b>																				
- Relating to capital gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Excluding capital gains	26,904	-	-	26,904	28,727	-	-	28,727	3,363	-	-	3,363	1,512	-	-	1,512	60,506	-	-	60,506
Distribution during the period																				
- UBL Special Savings Plan I @ Rs. 0.8513 per unit paid on 21 December 2018	(3,124)	-	-	(3,124)	-	-	-	(3,124)	-	-	-	(3,124)	-	-	-	(3,124)	-	-	-	(3,124)
- UBL Special Savings Plan I @ Rs. 4.9878 per unit paid on 24 June 2019	(23,644)	-	-	(23,644)	-	-	-	(23,644)	-	-	-	(23,644)	-	-	-	(23,644)	-	-	-	(23,644)
- UBL Special Savings Plan II @ Rs. 3.9974 per unit paid on 24 June 2019	-	-	-	-	(27,703)	-	-	(27,703)	-	-	-	(27,703)	-	-	-	(27,703)	-	-	-	(27,703)
- UBL Special Savings Plan III @ Rs. 1.6531 per unit paid on 28 June 2019	-	-	-	-	-	-	-	-	(3,423)	-	-	(3,423)	-	-	-	(3,423)	-	-	-	(3,423)
- UBL Special Savings Plan IV @ Rs. 0.9757 per unit paid on 28 June 2019	-	-	-	-	-	-	-	-	-	-	-	-	(1,590)	-	-	(1,590)	-	-	-	(1,590)
<b>Undistributed income carried forward</b>	<b>136</b>	-	-	<b>136</b>	<b>1,024</b>	-	-	<b>1,024</b>	<b>(60)</b>	-	-	<b>(60)</b>	<b>(78)</b>	-	-	<b>(78)</b>	<b>1,022</b>	-	-	<b>1,022</b>
<b>Undistributed income carried forward comprise of :</b>																				
- Realised income	136	-	-	136	1,024	-	-	1,024	(60)	-	-	(60)	(78)	-	-	(78)	1,022	-	-	1,022
- Unrealised income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>136</b>	-	-	<b>136</b>	<b>1,024</b>	-	-	<b>1,024</b>	<b>(60)</b>	-	-	<b>(60)</b>	<b>(78)</b>	-	-	<b>(78)</b>	<b>1,022</b>	-	-	<b>1,022</b>



# UBL Special Savings Fund

## Cash Flow Statement

For the period from 09 November 2018 to 30 June 2019

	For the period from 09 November 2018 to 30 June 2019 USSP-I	For the period from 05 February 2019 to 30 June 2019 USSP-II	For the period from 17 April 2019 to 30 June 2019 USSP-III	For the period from 30 May 2019 to 30 June 2019 USSP-IV	Total
<i>Note</i> ----- (Rupees in '000) -----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income for the period before taxation	28,037	28,948	3,366	1,537	61,888
<b>Adjustments for non cash and other items:</b>					
Markup on bank deposits and mark-up / return on investments calculated using the effective interest method	(17,824)	(14,902)	(2,142)	(1,273)	(36,141)
Provision for Sindh Workers' Welfare Fund	561	580	68	31	1,240
Formation cost	241	-	-	-	241
Realised loss on sale of investments	1,503	1,071	-	-	2,574
	(15,519)	(13,251)	(2,074)	(1,242)	(32,086)
<b>Net cash generated from operations before working capital changes</b>	12,518	15,697	1,292	295	29,802
<b>Working capital changes</b>					
<i>Movement in working capital</i>					
Investments	(431,226)	(857,068)	(257,633)	(130,229)	(1,676,156)
Prepayments and other receivables	-	(22,152)	-	-	(22,152)
Preliminary expenses and floatation cost	(1,131)	-	-	-	(1,131)
Profit receivable on PIBs	(16,218)	(33,272)	(10,396)	(5,283)	(65,169)
Advance tax	(214)	(39)	(36)	(3)	(292)
Payable to the Management Company	2,447	983	1,957	219	5,606
Payable to Central Depository Company of Pakistan Limited - Trustee	40	77	22	14	153
Payable to Securities and Exchange Commission of Pakistan	229	213	23	10	475
Dividend payable	-	627	-	-	627
Accrued expenses and other payables	4,562	31,580	618	325	37,085
	(441,511)	(879,051)	(265,445)	(134,947)	(1,720,954)
Profits received during the period	8,956	5,324	458	54	14,792
<b>Net cash flows used in operating activities</b>	(420,037)	(858,030)	(263,695)	(134,598)	(1,676,360)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issuance of units	18 717,615	941,206	268,163	177,851	2,104,835
Payments on redemption of units	18 (247,499)	(15,976)	(502)	(4,389)	(268,366)
Total distribution to unit holders	(26,768)	(27,703)	(3,423)	(1,590)	(59,484)
<b>Net cash flows generated from financing activities</b>	443,348	897,527	264,238	171,872	1,776,985
<b>Cash and cash equivalents at end of the period</b>	23,311	39,497	543	37,274	100,625
<b>CASH AND CASH EQUIVALENTS</b>					
Bank balances	23,311	39,497	543	37,274	100,625

The annexed notes 1 to 30 form an integral part of these financial statements.

For UBL Fund Managers Limited  
(Management Company)

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer

# UBL Special Savings Fund

## Notes to the Financial Statements

For the period from 09 November 2018 to 30 June 2019

### 1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Special Savings Fund (the Fund) was established under the Non Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open end mutual fund by the Securities and Exchange Commission of Pakistan ("SECP"). It was constituted under a Trust Deed, dated 19 October 2018 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited ("CDC") as the Trustee. The registered office of the Management Company is situated at 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi. The Fund commenced its operations from 09 November 2018.

The Fund has been categorized by the Management Company as Capital protected fund. The Fund consists of four plans namely, UBL Special Savings Fund - Plan I ("USSP I"), UBL Special Savings Fund - Plan II ("USSP II"), UBL Special Savings Fund - Plan III ("USSP III") and UBL Special Savings Fund - Plan IV ("USSP IV"). The investment objectives of each plan is as follows:

The "UBL Special Savings Plan-I (USSP-I)" shall be an open-end Capital Protected Fund that aims to not only provide its unit-holders capital preservation but competitive regular returns from a portfolio of fixed income investments in line with the risk tolerance of the Investor.

The "UBL Special Savings Plan-II (USSP-II)" is an allocation plan under "UBL Special Savings Fund" with an objective to earn competitive regular return with capital preservation for unit holders who held their investment within Plan for thirty six (36) months & beyond from (commencement of life of Plan)

The "UBL Special Savings Plan-III (USSP-III)" is an allocation plan under "UBL Special Savings Fund" with an objective to earn competitive regular return with capital preservation for unit holders who held their investment within Plan for thirty six (36) months & beyond from (commencement of life of Plan)

The "UBL Special Savings Plan-IV (USSP-IV)" is an allocation plan under "UBL Special Savings Fund" with an objective to earn competitive regular return with capital preservation for unit holders who held their investment within Plan for twenty four (24) months & beyond from (commencement of life of Plan)

The Fund is an open end mutual fund, listed on the Pakistan Stock Exchange Limited. 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 holder.

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

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

#### 2.2 Standards, interpretations and amendments to accounting and reporting standards, that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRS 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019), clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Fund's financial statements.
- IFRS 16 'Leases' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of the standard is not likely to have an impact on Fund's financial statements.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Fund's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Fund's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual periods beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, entities should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following accounting and reporting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual periods beginning on or after 01 July 2019 and are not likely to have an impact on Fund's financial statements.

## **2.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in the application of accounting policies are given below:

### **a) Judgments**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 3.2.1 - Regarding the classification of investments.

### **b) Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the period ended 30 June 2019 is included in the following notes:

- Notes 3.2.3 and 3.2.4 - Valuation of investments
- Notes 3.2.5 Impairment of financial assets and other assets

## **2.4 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for the investments which are stated at fair value.

## **2.5 Functional and presentation currency**

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

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The management has adopted the following significant policies for the preparation of these financial statements:

### **3.1 Cash and cash equivalents**

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

## **3.2 Financial assets**

### **3.2.1 Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### **Business model assessment**

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objectives for managing the financial assets are achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

## **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

### **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**

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

### **3.2.4 Subsequent measurement**

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in income statement.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
<b>Debt securities at FVOCI</b>	These assets are subsequently measured at fair value. Profit / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

The fair value of financial assets are determined as follows:

**a) Debt securities (other than Government securities)**

Debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

**b) Government securities**

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

**3.2.5 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012. However, the circular does not cover impairment requirements for government debt securities. Based on the past performance management considers that there is no probability of default as in any adverse situation State Bank of Pakistan has the right to discharge government obligations by issuance of currency notes. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

**3.2.6 Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

**3.3 Derecognition**

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

**3.4 Offsetting of financial instruments**

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

**3.5 Financial liabilities**

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

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

**3.6 Deferred formation cost**

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a period of three years (effective from 09 November 2018).

**3.7 Unitholders' fund**

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

**3.8 Revenue recognition**

- Mark-up on deposits with banks and mark-up / return on investments in debt and government securities is recognised using effective yield method.
- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

### **3.9 Issuance and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received, by the distributors / Management Company during business hours, as of the close of the previous day on which the applications were received. The offer price represents the net assets value per unit as of the close of previous day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

### **3.10 Element of income**

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net assets value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

### **3.11 Zakat Payable**

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

### **3.12 Provisions**

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

### **3.13 Net assets value per unit**

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

### **3.14 Taxation**

The Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. Provided that for the purpose of determining distribution of atleast ninety percent of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

### **3.15 Expenses**

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

### **3.16 Earnings per unit**

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.



### 3.17 Distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the period.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted with effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

### 3.18 Other assets

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

## 4. BANK BALANCES

	Note	2019				
		USSP I	USSP II	USSP III	USSP IV	Total
		(Rupees in '000)				
Savings accounts	4.1	23,311	39,497	543	37,274	100,625

4.1 These carry profit rates ranging from 7% to 13.15% per annum.

## 5. INVESTMENTS

### Investments by category

#### At fair value through other comprehensive income

	2019				
	USSP-I	USSP-II	USSP-III	USSP-IV	Total
	(Rupees in '000)				
Government securities					
- Pakistan investment bonds	426,850	840,705	255,564	130,003	1,653,122

Issue date	Tenor	Face value			Amortised Cost as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of	
		Purchased during the period	Sold / matured during the period	As at 30 June 2019			Total investments of plan	Net assets of the Plan
(Rupees in '000)						-%		
Held by USSP I								
July 12, 2018	3 years	562,500	82,000	480,500	438,515	426,850	100.00	92.85
		562,500	82,000	480,500	438,515	426,850	100.00	92.85
Held by USSP II								
July 12, 2018	3 years	1,412,000	651,000	761,000	694,194	676,031	80.41	74.96
July 12, 2018	5 years	300,000	100,000	200,000	171,165	164,674	19.59	18.26
		1,712,000	751,000	961,000	865,359	840,705	100.00	93.22
Held by USSP III								
July 12, 2018	3 years	195,000	-	195,000	175,899	173,227	67.78	65.41
July 12, 2018	5 years	100,000	-	100,000	82,635	82,337	32.22	31.09
		295,000	-	295,000	258,534	255,564	100.00	96.50
Held by USSP IV								
July 12, 2018	3 years	100,000	-	100,000	89,184	88,835	68.33	48.60
July 12, 2018	5 years	50,000	-	50,000	41,334	41,168	31.67	22.52
		150,000	-	150,000	130,518	130,003	100.00	71.12

## 6. PROFIT RECEIVABLES

	2019				
	USSP I	USSP II	USSP III	USSP IV	Total
	(Rupees in '000)				
Profit receivable on bank deposits	76	214	783	929	2,002
Profit accrued on government securities	16,218	33,272	10,396	5,283	65,169
	<b>16,294</b>	<b>33,486</b>	<b>11,179</b>	<b>6,212</b>	<b>67,171</b>

## 7. PREPAYMENTS AND OTHER RECEIVABLES

Receivable against sale of investments	-	22,152	-	-	22,152
Receivable against issuance of units	-	-	191	9,894	10,085
	<b>-</b>	<b>22,152</b>	<b>191</b>	<b>9,894</b>	<b>32,237</b>

## 8. PRELIMINARY EXPENSES AND FLOATATION COST

	2019 USSP I (Rupees in '000)
Deferred formation cost	1,131
Amortisation during the period	(241)
Unamortised formation cost at end of the period	<u>890</u>

- 8.1 As per the offering documents all preliminary and floatation expenses of the Fund including expenses incurred in connection with the establishment and authorisation of the Fund, including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, and all expenses incurred for announcing the Fund and other expenses during and up to the Initial Offering Period (IOP), shall be borne and reimbursed by the Fund to the Management Company subject to the audit of expenses. Deferred formation cost shall be borne by the Fund and amortised within the maturity of plan which is 36 months.

## 9. ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule to the ITO 2001 from withholding of tax under section 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the period, prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded after filing of Income Tax Return for Tax year 2019.

## 10. PAYABLE TO THE MANAGEMENT COMPANY

	Note	2019				
		USSP I	USSP II	USSP III	USSP IV	Total
		(Rupees in '000)				
Management remuneration payable	10.1	451	855	244	155	1,705
Payable against formation cost		1,137	-	-	-	1,137
Sales load and other payables		363	128	1,713	64	2,268
Payable against selling and marketing expense	10.2	496	-	-	-	496
		<u>2,447</u>	<u>983</u>	<u>1,957</u>	<u>219</u>	<u>5,606</u>

- 10.1 As per regulation 61 of amended Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the Fund is entitled to remuneration equal to an amount not exceeding 1% of average annual net assets in case of Income Scheme. The Management Company has charged remuneration at the rate of 1% per annum of the average daily net assets of the Fund. The remuneration is paid to the Management Company on monthly basis in arrears.
- 10.2 Securities and Exchange Commission of Pakistan vide Circular No. 5 of 2018 dated 04 June 2018, has allowed Asset Management Companies to charge Selling and Marketing expenses to its CIS's 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% on daily net assets of the Fund, being the lower amount.

## 11. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2019				
		USSP I	USSP II	USSP III	USSP IV	Total
		(Rupees in '000)				
Trustee remuneration	11.1	35	68	19	12	134
Sindh Sales Tax on Trustee remuneration	11.2	5	9	3	2	19
		<u>40</u>	<u>77</u>	<u>22</u>	<u>14</u>	<u>153</u>

- 11.1** The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net assets value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee for the period ended from 09 November 2018 to 30 June 2019 is as follows:

<b>Net Assets</b>	<b>Tariff</b>
- Upto Rs. 1 billion	0.1% per annum of net assets.
- Above Rs.1 billion to Rs. 5 billion	Rs. 1 million plus 0.06% per annum of net assets exceeding Rs 1 billion.

- 11.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% on the remuneration of Trustee through Sindh Sales Tax on Services Act, 2011, effective from 01 July 2016.

**12. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

The Fund is required to pay SECP an annual fee at the rate of 0.075% of the average daily net assets of the Fund in accordance with regulation 62 of the NBFC Regulations, 2008.

**13. ACCRUED EXPENSES AND OTHER PAYABLES**

	<i>Note</i>	2019				
		USSP I	USSP II	USSP III	USSP IV	Total
		----- (Rupees in '000) -----				
Provision for Sindh Workers' Welfare Fund	13.1	561	580	68	31	1,240
Auditors' remuneration payable		123	50	17	6	196
Withholding tax payable		3,130	3,695	448	212	7,485
Zakat deducted at source		715	1,288	32	-	2,035
Other payables		594	26,547	121	107	27,369
		5,123	32,160	686	356	38,325

- 13.1** Provision for Sindh Workers Welfare Fund (SWWF) is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017 against the backdrop of the Sindh Revenue Board (SRB) going forward letter to certain mutual funds in January 2016 whereby SRB directed the mutual funds to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 and hence SWWF is payable by them. Though MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the management has recorded SWWF. Had the provision not been made, Net Asset Value per unit of the USSP I, USSP II, USSP III and USSP IV as at 30 June 2019 would have been higher by Rs. 0.1191, Rs. 0.0626, Rs. 0.0252 and Rs. 0.0168 per unit respectively.

**14. MARKUP ON BANK DEPOSITS AND MARK-UP / RETURN ON INVESTMENTS CALCULATED USING THE EFFECTIVE INTEREST METHOD**

	2019				
	USSP I	USSP II	USSP III	USSP IV	Total
----- (Rupees in '000) -----					
Profits on:					
- Bank balances	9,032	5,540	1,241	983	16,796
- Pakistan investment bonds	25,990	28,609	2,514	776	57,889
	<u>35,022</u>	<u>34,149</u>	<u>3,755</u>	<u>1,759</u>	<u>74,685</u>

# 15. REALISED LOSS ON SALE OF INVESTMENTS

2019				
USSP I	USSP II	USSP III	USSP IV	Total
(Rupees in '000)				
<b>Investment at fair value through other comprehensive income</b>				
- Pakistan investment bonds	(1,503)	(1,071)	-	(2,574)
	(1,503)	(1,071)	-	(2,574)

# 16. AUDITORS' REMUNERATION

Annual audit fee	87	35	13	5	140
Half yearly review fee	76	-	-	-	76
Fee for certifications and other services	88	12	3	1	104
Out of pocket expenses	14	3	1	-	18
	265	50	17	6	338

# 17. CONTINGENCIES AND COMMITMENTS

As at 30 June 2019, there are no contingencies and commitments.

# 18. RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Total
(Rupees in '000)			
<b>USSP I</b>			
Receivable against issuance of units	717,615	-	717,615
Payable against redemption of units	-	(247,499)	(247,499)
	717,615	(247,499)	470,116
Amount received on issuance of units	717,615	-	717,615
Amount paid on redemption of units	-	(247,499)	(247,499)
	717,615	(247,499)	470,116
<b>Closing balance as at 30 June 2019</b>	-	-	-
<b>USSP II</b>			
Receivable against issuance of units	941,206	-	941,206
Payable against redemption of units	-	(15,976)	(15,976)
	941,206	(15,976)	925,230
Amount received on issuance of units	941,206	-	941,206
Amount paid on redemption of units	-	(15,976)	(15,976)
	941,206	(15,976)	925,230
<b>Closing balance as at 30 June 2019</b>	-	-	-
<b>USSP III</b>			
Receivable against issuance of units	268,354	-	268,354
Payable against redemption of units	-	(502)	(502)
	268,354	(502)	267,852
Amount received on issuance of units	268,163	-	268,163
Amount paid on redemption of units	-	(502)	(502)
	268,163	(502)	267,661
<b>Closing balance as at 30 June 2019</b>	191	-	191
<b>USSP IV</b>			
Receivable against issuance of units	187,745	-	187,745
Payable against redemption of units	-	(4,389)	(4,389)
	187,745	(4,389)	183,356
Amount received on issuance of units	177,851	-	177,851
Amount paid on redemption of units	-	(4,389)	(4,389)
	177,851	(4,389)	173,462
<b>Closing balance as at 30 June 2019</b>	9,894	-	9,894

## 19. TOTAL EXPENSE RATIO (TER)

The Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016, requires that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (all the expenses, including government levies, incurred during the year divided by average net assets value for the year) in the periodic financial statements of CIS / the Fund.

	2019			
	USSP I	USSP II	USSP III	USSP IV
Total expense ratio	1.22%	0.63%	0.34%	0.14%
Government levy, SWWF and SECP fee	0.26%	0.17%	0.09%	0.04%

## 20. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the period as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund has distributed more than ninety percent of the Fund's accounting income for the period as reduced by capital gains, whether realised or unrealised, to its unit holders during the period. Accordingly, no provision has been made in the financial statements for the period ended 30 June 2019.

## 21. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

Details of transactions with related parties / connected persons and balances with them at the period end are as follows:

	2019					
	Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
USSP I	----- (Rupees in '000) -----					
Transactions during the period						
Units issued	201,498	-	-	-	-	-
Units redeemed	201,498	-	-	-	-	-
Dividend paid	1,703	-	-	-	-	-
Remuneration	3,061	-	294	-	-	-
Sindh sales tax on remuneration	398	-	38	-	-	-
Selling and marketing expense	636	-	-	-	-	-
Balances held						
Remuneration payable*	451	-	40	-	-	-
Sales load and other payables	363	-	-	-	-	-
Formation cost payable	1,137	-	-	-	-	-
Payable against selling and marketing	496	-	-	-	-	-

\* These balances are inclusive of Sindh Sales Tax.

	2019					
	Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
<b>USSP II</b>	----- (Rupees in '000) -----					

**Transactions during the period**

Remuneration	2,838	-	262	-	-	-
Sindh sales tax on remuneration	369	-	34	-	-	-

**Balances held**

Remuneration payable*	855	-	77	-	-	-
Sales load and other payables	128	-	-	-	-	-

\* These balances are inclusive of Sindh Sales Tax.

**USSP III**

**Transactions during the period**

Units issued	-	-	-	-	-	108,794
Dividend paid	-	-	-	-	-	1,755
Remuneration	306	-	27	-	-	-
Sindh sales tax on remuneration	40	-	4	-	-	-

**Balances held**

Units held (units in '000)	-	-	-	-	-	1,069
Units held (Rupees in '000)	-	-	-	-	-	105,682
Remuneration payable*	244	-	22	-	-	-
Sales load and other payables	1,713	-	-	-	-	-

\* These balances are inclusive of Sindh Sales Tax.

**USSP IV**

**Transactions during the period**

Units issued	-	-	-	-	-	85,611
Dividend paid	-	-	-	-	-	828
Remuneration	137	-	12	-	-	-
Sindh sales tax on remuneration	18	-	1	-	-	-

**Balances held**

Units held (units in '000)	-	-	-	-	-	856
Units held (Rupees in '000)	-	-	-	-	-	85,316
Remuneration payable*	155	-	14	-	-	-
Sales load and other payables	64	-	-	-	-	-

\* These balances are inclusive of Sindh Sales Tax.

## 22. FINANCIAL INSTRUMENTS BY CATEGORY

### Financial Assets

Bank balances	-
Investments	-
Profit receivable	-
Prepayments and other receivables	-

### Financial liabilities

Payable to the Management Company	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-
Accrued expenses and other payables	-

2019			
USSP I			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	23,311	23,311
-	426,850	-	426,850
-	-	16,294	16,294
-	-	-	-
-	426,850	39,605	466,455

### Financial Assets

Bank balances	-
Investments	-
Profit receivable	-
Prepayments and other receivables	-

### Financial liabilities

Payable to the Management Company	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-
Dividend payable	-
Accrued expenses and other payables	-

USSP II			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	39,497	39,497
-	840,705	-	840,705
-	-	33,486	33,486
-	-	22,152	22,152
-	840,705	95,135	935,840

### Financial Assets

Bank balances	-
Investments	-
Profit receivable	-
Prepayments and other receivables	-

### Financial liabilities

Payable to the Management Company	-
Payable to Central Depository Company of Pakistan Limited - Trustee	-
Accrued expenses and other payables	-

USSP III			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
(Rupees in '000)			
-	-	543	543
-	255,564	-	255,564
-	-	11,179	11,179
-	-	191	191
-	255,564	11,913	267,477

USSP IV			
At fair value through profit or loss	At fair value through other comprehensive income	At amortised cost	Total
----- (Rupees in '000) -----			
<b>Financial Assets</b>			
Bank balances	-	37,274	37,274
Investments	130,003	-	130,003
Profit receivable	-	6,212	6,212
Prepayments and other receivables	-	9,894	9,894
<b>-</b>	<b>130,003</b>	<b>53,380</b>	<b>183,383</b>
<b>Financial liabilities</b>			
Payable to the Management Company		219	219
Payable to Central Depository Company of Pakistan Limited - Trustee		14	14
Accrued expenses and other payables		325	325
		<b>558</b>	<b>558</b>



## 23. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

The Fund's accounting policy on fair value measurements of investments is discussed in note 3.2 to these financial statements.

IFRS 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		2019								
		USSP I								
		Carrying amount					Fair value			
	Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
<b>Financial assets measured at fair value</b>										
Investments	5	-	-	426,850	-	426,850	-	426,850	-	426,850
<b>Financial assets not measured at fair value</b>	23.2									
Bank balances		-	-	-	23,311	23,311				
Profits receivables		-	-	-	16,294	16,294				
Prepayments and other receivables		-	-	-	-	-				
		-	-	-	39,605	39,605				
<b>Financial liabilities not measured at fair value</b>	23.2									
Payable to the Management Company		-	-	-	2,447	2,447				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	40	40				
Accrued expenses and other payables		-	-	-	4,562	4,562				
		-	-	-	7,049	7,049				
		USSP II								
		Carrying amount					Fair value			
	Note	Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
<b>Financial assets measured at fair value</b>										
Investments	5	-	-	840,705	-	840,705	-	840,705	-	840,705
<b>Financial assets not measured at fair value</b>	23.2									
Bank balances		-	-	-	39,497	39,497				
Profits receivables		-	-	-	33,486	33,486				
Prepayments and other receivables		-	-	-	22,152	22,152				
		-	-	-	95,135	95,135				
<b>Financial liabilities not measured at fair value</b>	23.2									
Payable to the Management Company		-	-	-	983	983				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	77	77				
Dividend payable		-	-	-	627	627				
Accrued expenses and other payables		-	-	-	31,580	31,580				
		-	-	-	33,267	33,267				

USSP III										
		Carrying amount			Total	Fair value				
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income		Amortised cost	Level 1	Level 2	Level 3	Total
	Note	----- (Rupees in '000) -----								
<b>Financial assets measured at fair value</b>										
Investments	5	-	-	255,564	-	255,564	-	255,564	-	255,564
<b>Financial assets not measured at fair value</b>										
	23.2									
Bank balances		-	-	-	543	543				
Profits receivables		-	-	-	11,179	11,179				
Prepayments and other receivables		-	-	-	191	191				
		-	-	-	11,913	11,913				
<b>Financial liabilities not measured at fair value</b>										
	23.2									
Payable to the Management Company		-	-	-	1,957	1,957				
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	22	22				
Accrued expenses and other payables		-	-	-	618	618				
		-	-	-	2,597	2,597				

USSP IV									
		Carrying amount			Total	Fair value			
		Mandatorily at fair value through profit or loss	Designated as at fair value through profit or loss	Fair value through other comprehensive income		Amortised cost	Level 1	Level 2	Level 3
	Note	----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>									
Investments	5	-	-	130,003	-	130,003	-	130,003	130,003
<b>Financial assets not measured at fair value</b>	23.2								
Bank balances		-	-	-	37,274	37,274			
Profits receivables		-	-	-	6,212	6,212			
Prepayments and other receivables		-	-	-	9,894	9,894			
		-	-	-	53,380	53,380			
<b>Financial liabilities not measured at fair value</b>	23.2								
Payable to the Management Company		-	-	-	219	219			
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	14	14			
Accrued expenses and other payables		-	-	-	325	325			
		-	-	-	558	558			

## 23.1 Valuation techniques used in determination of fair values within level 2:

Investments in Pakistan Investment Bonds, issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the PKRVs announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

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

**23.3** Net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

## 24. FINANCIAL RISK MANAGEMENT

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

The Fund primarily invests in a portfolio of debt and money market investments such as investment - government securities and other money market instruments. These activities are exposed to a variety of financial risks i.e. market risk (which includes currency risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds.

### 24.1 Credit Risk

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

#### Management of credit risk

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

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

- The Fund limits its exposure to credit risk by only investing in instruments and bank deposits that have a minimum "AA-" from a credit rating agency duly approved by the SECP.
- Investment transactions are carried out with large number of brokers, whose credit rating is taken into account so as to minimize the risk of default and transactions are settled or paid for only upon deliveries.

- The risk of counter party exposure due to failed trade causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks (including related party).

Risk attributable to investment in government securities is limited as these are guaranteed by the Federal Government.

The table below analyses the Fund's maximum exposure to credit risk:

Financial assets exposed to credit risk	2019				Total
	USSP I	USSP II	USSP III	USSP IV	
	(Rupees in '000)				
Investments	426,850	840,705	255,564	130,003	1,653,122
Bank balances	23,311	39,497	543	37,274	100,625
Profit receivable	16,294	33,486	11,179	6,212	67,171
Prepayments and other receivables	-	22,152	191	9,894	32,237
	<u>466,455</u>	<u>935,840</u>	<u>267,477</u>	<u>183,383</u>	<u>1,853,155</u>

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. Further, all transactions in securities are executed through approved brokers, thus the risk of default is considered to be minimal. For Debt instruments settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the Investment Committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The analysis below summarizes the credit quality of the Fund's portfolio in total as on 30 June 2019:

	Rating Agency	Rating	2019				Total
			USSP I	USSP II	USSP III	USSP IV	
(Rupees in '000)							
Bank balances by rating category							
JS Bank Limited	PACRA	AA-	337	1,854	-	-	2,191
Soneri Bank Limited	PACRA	AA-	22,974	37,643	543	37,274	98,434
			23,311	39,497	543	37,274	100,625
Government Securities							
Pakistan investment bonds			426,850	840,705	255,564	130,003	1,653,122
Profit receivables							
			16,294	33,486	11,179	6,212	67,171
Prepayments and other receivables							
			-	22,152	191	9,894	32,237

#### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with credit worthy counterparties thereby mitigating any significant concentration of credit risk.

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

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

## 24.2 Liquidity risk

'Liquidity risk' is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder's redemptions at any time. The Fund manages the liquidity risk by maintaining maturities of financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets. The Fund's investments are considered to be readily realisable as they are all invested in government securities and saving accounts. 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.

In accordance with the risk management policy of the Fund, the Fund manager monitors the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

In accordance with regulation 58(1)(k) of the NBFC Regulations, 2008, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen percent of the net assets. However, no such borrowing has been obtained during the year.

Further, the Fund is also allowed in accordance with regulation 57 (10) of the NBFC Regulations, 2008, to defer redemption requests to the next dealing day, had such requests exceed ten percent of the total number of units in issue.

In addition to unitholders' fund, the analysis below summarizes the Fund's financial liabilities into relevant maturity grouping as at 30 June 2019:

USSP I	2019				Total
	Maturity Upto			More than one year	
	Three months	Six months	One Year		
Financial Liabilities	(Rupees in '000)				
Payable to Management Company	2,447	-	-	-	2,447
Payable to Central Depository Company of Pakistan Limited - Trustee	40	-	-	-	40
Accrued expenses and other payables	4,562	-	-	-	4,562
	7,049	-	-	-	7,049
Unit holders' fund	459,720	-	-	-	459,720
USSP II					
Financial Liabilities					
Payable to Management Company	983	-	-	-	983
Payable to Central Depository Company of Pakistan Limited - Trustee	77	-	-	-	77
Dividend payable	627	-	-	-	627
Accrued expenses and other payables	31,580	-	-	-	31,580
	33,267	-	-	-	33,267
Unit holders' fund	901,819	-	-	-	901,819
USSP III					
Financial Liabilities					
Payable to Management Company	1,957	-	-	-	1,957
Payable to Central Depository Company of Pakistan Limited - Trustee	22	-	-	-	22
Accrued expenses and other payables	618	-	-	-	618
	2,597	-	-	-	2,597
Unit holders' fund	264,825	-	-	-	264,825
USSP IV					
Financial Liabilities					
Payable to Management Company	219	-	-	-	219
Payable to Central Depository Company of Pakistan Limited - Trustee	14	-	-	-	14
Accrued expenses and other payables	325	-	-	-	325
	558	-	-	-	558
Unit holders' fund	182,787	-	-	-	182,787

#### 24.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and debt security prices.

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

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

**i) Currency risk**

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

**ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest rates. The Fund's interest rate risk is monitored on a quarterly basis by the board of directors.

**a) Sensitivity analysis for fixed rate instruments**

As at 30 June 2019, the Plan I, Plan II, Plan III and Plan IV hold Pakistan Investment Bonds which are classified as 'fair value through other comprehensive income', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in mark-up rates on 30 June 2019, with all other variables held constant, the impact on the net assets and total comprehensive income for the year is as follows:

	2019				
	Total Exposure				
	USSP I	USSP II	USSP III	USSP IV	Total
	(Rupees in '000)				
Pakistan Investment Bonds	<u>426,850</u>	<u>840,705</u>	<u>255,564</u>	<u>130,003</u>	<u>1,653,122</u>
	Effect on total comprehensive income and net assets				
	USSP I	USSP II	USSP III	USSP IV	Total
	(Rupees in '000)				
Change in basis points					
100	<u>(7,581)</u>	<u>(17,237)</u>	<u>(5,692)</u>	<u>(2,885)</u>	<u>(33,395)</u>
(100)	<u>7,760</u>	<u>17,736</u>	<u>5,872</u>	<u>2,976</u>	<u>34,344</u>

**b) Sensitivity analysis for Variable rate instruments**

	2019				
	Total Exposure				
	USSP I	USSP II	USSP III	USSP IV	Total
	(Rupees in '000)				
Bank balances	<u>23,311</u>	<u>39,497</u>	<u>543</u>	<u>37,274</u>	<u>100,625</u>

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the year end would have increased / (decreased) the net assets and net income by Rs. 1.006 million, assuming all other variables held constant.

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

2019					
USSP I					
Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
%	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Bank balances	7 - 13.15	23,311	-	-	23,311
Investments	7.25 - 8	-	-	426,850	426,850
Profit receivables		-	-	16,294	16,294
		23,311	-	426,850	466,455
Financial liabilities					
Payable to the Management Company		-	-	2,447	2,447
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	40	40
Accrued expenses and other payables		-	-	4,562	4,562
		-	-	7,049	7,049
On-balance sheet gap		23,311	-	426,850	459,406
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap		-	-	-	-
2019					
USSP II					
Yield / Interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
%	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Bank balances	7 - 13.15	39,497	-	-	39,497
Investments	7.25 - 8	-	-	840,705	840,705
Profit receivables		-	-	33,486	33,486
Prepayments and other receivables		-	-	22,152	22,152
		39,497	-	840,705	935,840
Financial liabilities					
Payable to the Management Company		-	-	983	983
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	77	77
Dividend payable		-	-	627	627
Accrued expenses and other payables		-	-	31,580	31,580
		-	-	33,267	33,267
On-balance sheet gap		39,497	-	840,705	902,573
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap		-	-	-	-

2019					
USSP III					
Yield / Interest rate  %	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one	More than one year		
	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Bank balances	7 - 13.15	543	-	-	543
Investments	7.25 - 8	-	-	-	255,564
Profit receivables		-	-	11,179	11,179
Prepayments and other receivables		-	-	191	191
		543	-	11,370	267,477
Financial liabilities					
Payable to the Management Company		-	-	1,957	1,957
Payable to Central Depository		-	-	-	-
Company of Pakistan Limited - Trustee		-	-	22	22
Accrued expenses and other payables		-	-	618	618
		-	-	2,597	2,597
On-balance sheet gap		543	-	8,773	264,880
Off-balance sheet financial instruments					
Off-balance sheet gap		-	-	-	-

2019						
USSP IV						
	Yield / Interest rate  %	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and up to one	More than one year		
		(Rupees in '000)				
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	7 - 13.15	37,274	-	-	-	37,274
Investments	7.25 - 8	-	-	130,003	-	130,003
Profit receivables		-	-	-	6,212	6,212
Prepayments and other receivables		-	-	-	9,894	9,894
		37,274	-	130,003	16,106	183,383
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	219	219
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	14	14
Accrued expenses and other payables		-	-	-	325	325
		-	-	-	558	558
<b>On-balance sheet gap</b>		<b>37,274</b>	<b>-</b>	<b>130,003</b>	<b>15,548</b>	<b>182,825</b>
<b>Off-balance sheet financial instruments</b>						
		-	-	-	-	-
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### iii) Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the Fund in which the investment is made, change in business circumstances of the Fund, industry environment and / or the economy in general. The Fund is not exposed to the risk as its constitutive documents prohibit it from investing in equity securities.

## 24.4 Unit holders' fund risk management (Capital risk management)

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

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

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

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

Name of Broker	Commission			
	2019			
	%			
	Plan I	Plan II	Plan III	Plan IV
Invest One Markets Limited	8.00	7.28	-	-
Summit Capital (Private) Limited	92.00	3.53	-	-
Arif Habib Limited	-	3.53	-	-
Pearl Securities Limited	-	3.53	-	-
C & M Management (Private) Limited	-	0.11	-	-
Js Global Capital Limited	-	14.10	-	-
Bright Capital (Private) Limited	-	13.27	-	-
Magenta Capital (Private) Limited	-	7.05	16.95	-
Continental Exchange (Private) Limited	-	37.02	32.20	100.00
BIPL Securities Limited (Formerly Kasb Securities)	-	10.58	33.90	-
Currency Market Associates (Private) Limited	-	-	16.95	-
	100.00	100.00	100.00	100.00



**26. INVESTMENT COMMITTEE**

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

<b>S. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Experience in years</b>	<b>Qualification</b>
1	Mr. Yasir Qadri	Chief Executive Officer	23	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	18	MBA, CFA
3	Mr. Hadi Hassan Muki	Head of Risk management, Compliance, Information Security and Qualit Assurance	19	B.COM
4	Mr. Usama Bin Razi	Fund Manager	15	MBA

\*Mr. Usama Bin Razi is Fund Manager of UBL Liquidity Plus Fund, UBL Government Securities Fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Capital Protected Fund III, UBL Retirement Savings Fund, Al Ameen Islamic Aggressive Income Fund and Al Ameen Asset Allocation Fund.

## 27. DIRECTORS' MEETING ATTENDANCE

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

	Dates	28 August 2018	26 October 2018	08 November 2018	11 December 2018	27 February 2019	29 April 2018	06 May 2018
Name of Director	Meetings attended							
Mr. Azhar Hamid	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Yasir Qadri	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Naz Khan	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Sharjeel Shahid *	1	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Zia Ijaz *	0	No	N/A	N/A	N/A	N/A	N/A	N/A
Syed Furrukh Zaeem	6	Yes	Yes	Yes	No	Yes	Yes	Yes
Mr. Mirza Muhammad								
Sadeed Hassan Barlas *	1	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Tauqeer Mazhar **	3	N/A	N/A	Yes	Yes	No	No	Yes
Mr. Imran Sarwar **	4	N/A	N/A	Yes	Yes	No	Yes	Yes
Ms. Sadia Saeed **	5	N/A	N/A	Yes	Yes	Yes	Yes	Yes
<b>Name of Key Executives</b>								
Mr. S.M. Aly Osman	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Umair Ahmed	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes

\* Mr. Sharjeel Shahid, Mr. Zia Ijaz & Mr. Mirza Muhammad Sadeed Hassan Barlas resigned on 09 October 2018.

\*\* Mr. Tauqeer Mazhar, Mr. Imran Sarwar & Ms. Sadia Saeed appointed as of 02 November 2018.

## 28. PATTERN OF UNIT HOLDERS

Category	2019		Percentage
	Number of Unit holders	Units held	
<b>Plan I</b>			
Individuals	262	4,699,957	99.79
Others	1	10,002	0.21
	<b>263</b>	<b>4,709,959</b>	<b>100.00</b>
<b>Plan II</b>			
Individuals	463	8,707,697	94.06
Retirement funds	1	217,407	2.35
Others	2	332,720	3.59
	<b>466</b>	<b>9,257,824</b>	<b>100.00</b>
<b>Plan III</b>			
Individuals	142	2,670,679	99.70
Retirement funds	1	8,088	0.30
	<b>143</b>	<b>2,678,767</b>	<b>100.00</b>
<b>Plan IV</b>			
Individuals	67	1,833,947	100.00
	<b>67</b>	<b>1,833,947</b>	<b>100.00</b>

## 29. CREDIT RATING

VIS Credit Rating Company has re-affirmed quality rating of 'AM1' (stable outlook) to the Management Company as on 27 December 2018 (30 June 2018: AM1).

## 30. GENERAL

30.1 This financial statement is presented in Pakistan Rupees which is also the Fund's functional currency and all financial information presented has been rounded off to the nearest thousand rupees unless otherwise stated.

30.2 This financial statement was authorised for issue by the board of directors of the Management Company on 30-Aug-2019.

For UBL Fund Managers Limited  
(Management Company)

SD  
Chief Executive Officer

SD  
Director

SD  
Chief Financial Officer



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

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

**Key features:**

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

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



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

jamapunji.pk

@jamapunji\_pk

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