



## CORPORATE INFORMATION

as at June 30, 2019

### Board of Directors

Azhar Hamid  
Chairman

Yasir Qadri  
Chief Executive Officer

Syed Furrugh Zaeem  
Director

Naz Khan  
Director

Tauqeer Mazhar  
Director

Sadia Saeed  
Director

Imran Sarwar  
Director

### Audit Committee

Naz Khan  
Chair

Imran Sarwar  
Member

Sadia Saeed  
Member

Tauqeer Mazhar  
Member

### Risk and Compliance Committee

Imran Sarwar  
Chairman

Syed Furrugh Zaeem  
Member

Yasir Qadri  
Member

Azhar Hamid  
Member

Tauqeer Mazhar  
Member

### HR & Compensation Committee

Azhar Hamid  
Chairman

Naz Khan  
Member

Syed Furrugh Zaeem  
Member

Sadia Saeed  
Member

Yasir Qadri  
Member

### Shariah Advisory Board

Mufti Muhammad Hassaan Kaleem  
Member

Mufti Muhammad Najeeb Khan  
Member

### Chief Financial Officer

Umair Ahmed

### Company Secretary

Aly Osman

### Registered Office

4th Floor, STSM Building,  
Beaumont Road, Civil Lines,  
Karachi, Pakistan.

### Head Office

4th Floor, STSM Building,  
Beaumont Road, Civil Lines,  
Karachi, Pakistan.  
UAN: (92-21) 111-825-262  
Fax: (92-21) 32214930

### Date of incorporation of the Management Company/ Pension Fund Manager

Incorporated in Pakistan on  
3 April 2001 as a Public Limited  
Company under the Companies  
Ordinance, 1984

### Management Quality Rating

AM1 by JCR-VIS Credit Rating Company

### Funds Under Management

UBL Liquidity Plus Fund  
Launch Date: 21 June 2009

UBL Government Securities Fund  
Launch Date: 27 July 2011

UBL Money Market Fund  
Launch Date: 14 October 2010

UBL Income Opportunity Fund  
Launch Date: 29 March 2013

UBL Growth & Income Fund  
Launch Date: 2 March 2006

UBL Asset Allocation Fund  
Launch Date: 20 August 2013

UBL Stock Advantage Fund  
Launch Date: 4 August 2006

Al-Ameen Islamic Sovereign Fund  
Launch Date: 07 November 2010

Al-Ameen Islamic Aggressive Income Fund  
Launch Date: 20 October 2007

Al-Ameen Islamic Cash Fund  
Launch Date: 17 September 2012

Al-Ameen Shariah Stock Fund  
Launch Date: 24 December 2006

Al-Ameen Islamic Asset Allocation Fund  
Launch Date: 10 December 2013

Al-Ameen Islamic Financial Planning Fund  
Launch Date: 23 June 2015

UBL Retirement Savings Fund  
Launch Date: 10 May 2010

Al-Ameen Islamic Retirement Savings Fund  
Launch Date: 10 May 2010

Al-Ameen Islamic Dedicated Equity Fund  
Launch Date: 05 Jan 2016

Al-Ameen Islamic Financial Planning Fund - II  
Launch Date: 21 February 2017

UBL Capital Protected Fund - III  
Launch Date: 26 January 2017

UBL Financial Planning Fund  
Launch Date: 28 September 2017

Al-Ameen Islamic Financial Planning Fund - III  
Launch Date: 28 May 2018

UBL Dedicated Equity Fund  
Launch Date: 29 May 2018

UBL Financial Sector Fund  
Launch Date: 06 April 2018

UBL Special Savings Fund  
Launch Date: 09 November 2018

### Conventional Investment Plans

UBL Mahana Munafa Plan

UBL Children Savings Plan

UBL Equity Builder Plan

UBL Wealth Builder Plan

### Islamic Investment Plans

Al-Ameen Mahana Munafa Plan

Al-Ameen Children Savings Plan

Al-Ameen Equity Builder Plan

Al-Ameen Wealth Builder Plan

Al-Ameen Hajj Savings Plan



## DIRECTORS REPORT

The Board of Directors of UBL Fund Managers Limited is pleased to present to you the reports of its UBL Liquidity Plus Fund (ULPF), UBL Money Market Fund (UMMF), UBL Government Securities Fund (UGSF), UBL Income Opportunity Fund (UIOF), UBL Growth and Income Fund (UGIF), UBL Stock Advantage Fund (USF), UBL Asset Allocation Fund (UAAF), UBL Dedicated Equity Fund (UDEF), UBL Financial Stock Fund (UFSF), UBL Capital Protected Fund –III (UCPF-III), UBL Active Principal Preservation Plan I (UAPPP-I), UBL Active Principal Preservation Plan II (UAPPP-II), UBL Active Principal Preservation Plan III (UAPPP-III), UBL Special Savings Plan I (USSP-I), UBL Special Savings Plan II (USSP-II), UBL Special Savings Plan III (USSP-III) and UBL Special Savings Plan IV (USSP-IV) for the period ended June 30, 2019.

## ECONOMY REVIEW – FY19

The fiscal year 2019 remained for Pakistan's economy with real GDP growth slumping to 3.2% as compared to 5.5% in last year. The prime reason for the sluggish GDP growth were macroeconomic stabilization measures taken by the authorities, specifically; monetary policy tightening, large exchange rate adjustments, curtailment in PSDP spending and other regulatory actions wedged domestic economic activity. These policy measures along with weak performance of agriculture dampened the real GDP growth.

Average headline inflation for FY19 rose to 7.3%, significantly higher than average headline inflation of 3.9% in FY18. Cost push elements were mostly responsible, for instance (i) upward adjustment in electricity and gas prices, which not only directly escalated the CPI's energy component but also augmented the manufacturing costs, (ii) impact of PKR currency depreciation against USD and (iii) rise in food prices jacked up by rise in transportation costs. In addition to this, sharp augmentation in house rents also exaggerated the impact on CPI. Inevitably, to curb the inflationary pressures Monetary Policy Committee decided to increase the interest rates cumulatively by 575 basis points during fiscal year.

On external front, rising current account deficit remained one of the major stumbling blocks for the country during the start of fiscal year; however the stringent measures taken by the authorities yielded some fruits, as the import of goods and services started declining, as the year went on, merchandise imports declined due to reduction in demand for imported power generation and electrical machineries and the conclusion of early harvest projects of CPEC. In addition to this, with the slowdown in economic activity, import of petroleum products and raw material also waned. As a result, import bill declined by 7.2% to USD 52.4bn during FY19 as compared to USD 56.4bn in FY18. Consequently, decline in imports along with decent growth in worker remittance contracted the FY19 CAD by 32% to USD 13.6bn as against the 19.9bn over the same period last year.

### UBL FUND MANAGERS LIMITED

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[www.ublfunds.com](http://www.ublfunds.com)

On the fiscal side, overall fiscal deficit reached at 5% of GDP during 9MFY19 as against 4.3% of GDP in the same period last year. Deteriorating fiscal conditions were mainly due flattish tax revenue relative to the preceding year. Taxes collected by FBR during the 9MFY19 grew by merely 2.8% as against a hefty growth of 16.2% in the same period last year. Moreover, non-tax revenue collection also shriveled mainly due to drop in SBP profits. On the other hand, on the expenditure side, cumulative government spending during 9MFY19 grew by 8% as compared to a growth of 16% last year. Overall expenditure rose despite 41% reduction in PSDP with current expenditure increasing by 17.7% mainly fueled by higher interest payments and defense related expenditure. Resultantly, to finance the gap, government raised borrowings from SBP, non-bank and external sources.

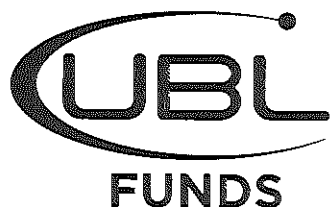
During June'19 two major developments occurred. First, PTI government announced its first budget for FY20, where in the PTI government primarily aims to address the structural issues of very low and lopsided tax collection through removal of tax anomalies/exemptions and documentation of economy, especially the giant services sector which makes up over 60% of the economy and contributes very little to government funds. As revealed in the budget documents, the government aims to increase FBR tax revenues from 10.8% of GDP in FY19 to 12.6% in FY20 and then 15.1% in the next two years. Second, Pakistan also signed a staff-level agreement with IMF for a 3-year Extended Fund Facility (EFF) which has enabled Pakistan to receive USD 6bn over a period of 39 months. The program aims to support Pakistan to reduce domestic as well as external imbalances, increase transparency, improve business environment and remove impediments to the growth of the economy. Structural reforms will also be introduced to supplement economic policies and to put the country on the trajectory of long-term sustainable economic growth.

## **DEBT MARKET REVIEW**

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.

## **COMMODITY MARKET REVIEW**

At the start of Fiscal year 2019 gold prices remained volatile and declined by 4% in the 1QFY19 mainly due to strong global equity markets and positive expectations of global growth. However, as the year passed on and volatility returned to stock markets along with expectations of global slowdown owing to rising concern between USA-China trade conflicts, gold prices started increasing. By the end of June 2019 gold prices stood at around USD 1,409/oz witnessing a gain of ~13% YoY.

## **FUTURE OUTLOOK**

Given the stabilization measures in place and economy moving along the reform plans we expect macroeconomic indicators to slowly revert back to a stable path. However, for year FY20 we expect overall economic growth to further dampen and improve thereafter. With the re-entry into an IMF program, we expect twin deficits to alleviate and expect a positive improvement in macroeconomic indicators.

On the fiscal side major improvement are yet to be seen, with the government target to keep the primary deficit at ~-0.6% is likely to be funded by reduction in PSDP expenditures. On External front, we expect current account deficit to reach at ~USD 8-9bn in FY20, decline in CAD will be mainly be due to shrinkage in imports, lower oil prices, expected growth in worker remittance and exports.

Inflation for FY20 to remain at higher elevated between ~11-12%, higher inflation would be attributed to cost push factors like upward adjustment in electricity and gas prices, expected PKR currency devaluation and its second round impact. Conversely, going forward we expect inflation to taper down.



From the equities perspective earnings growth will remain healthy during FY20 on account of improvement in earnings of dollar hedged energy sector and financials which shall be beneficiaries of rising rates. Despite the increase in fixed income yield, we find tremendous value in the stock market on the back of attractive earning yields and double-digit growth in blue-chip stocks.

We expect KSE-100 index to post healthy returns, as the index is currently trading at forward P/E of 6.3x at a steep discount from its peak of 12.0x in May 2017. Additionally, Pakistan is the cheapest market in comparison to its peers. The market is offering an attractive dividend and earning yields of and ~7.5%/15.0% respectively

## **FUND PERFORMANCE AND ANNOUNCEMENTS**

### **UBL LIQUIDITY PLUS FUND (ULPF)**

The Fund earned total income of PKR 1,098.907 million for the year ended June 30, 2019 which mainly includes markup / interest income on bank balances, Government Securities. After accounting for the expenses of PKR 143.610 million, the Fund managed to earn a net income of PKR 955.297 million. The net assets of the Fund were PKR 6,837.33 million as at June 30, 2019 representing the net asset value of PKR 100.7804 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distributions of PKR 910.97 million to the unit holders.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed AA (f) rating to the Fund.

### **UBL MONEY MARKET FUND (UMMF)**

The Fund earned total income of PKR 184.357 million for the year ended June 30, 2019 which mainly includes markup / interest income on bank balances, placements and Government Securities. After accounting for the expenses of PKR 26.48 million, the Fund managed to earn a net income of PKR 157.877 million. The net assets of the Fund were PKR 2,725.43 million as at June 30, 2019 representing the net asset value of PKR 100.6767 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 8.3440 per unit to the unit holders during the period ended June 23, 2019 i.e. (8.34%).

JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed AA (f) rating to the Fund.

### **UBL GOVERNMENT SECURITIES FUND (UGSF)**

The Fund earned total income of PKR 152.06 million for the year ended June 30, 2019 which mainly includes markup / interest income on bank balances, term deposit receipts, Government Securities and. After accounting for the expenses of PKR 30.071 million, the Fund managed to earn a net income of PKR 121.989 million. The net assets of the Fund were PKR 1,533.51 million as at June 30, 2019 representing the net asset value of PKR 105.7851 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 7.7695 per unit to the unit holders during the period ended June 23, 2019 i.e. (7.77%).



JCR-VIS Credit Rating Company Limited (JCR-VIS) has upgraded rating to A+ (f).

#### **UBL INCOME OPPORTUNITY FUND (UIOF)**

The Fund earned total income of PKR 144.503 million for the year ended June 30, 2019, which mainly includes markup / interest income on bank balances, placements, government securities, corporate bonds / sukuks and investment in margin trading system. After accounting for the expenses of PKR 26.422 million, the Fund managed to earn a net income of PKR 118.081 million. The net assets of the Fund were PKR 833.26 million as at June 30, 2019 representing the net asset value of PKR 110.1983 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 9.0898 per unit to the unit holders during the period ended June 23, 2019 i.e. (9.09%).

JCR-VIS Credit Rating Company Limited (JCR-VIS) has rated the fund at A – (f) during the year.

#### **UBL GROWTH & INCOME FUND (UGIF)**

The Fund earned total income of PKR 135.165 million for the year ended June 30, 2019 which mainly includes markup / interest income on bank balances, Government Securities, Corporate Sukuks. After accounting for the expenses of PKR 30.557 million, the Fund managed to earn a net income of PKR 104.608 million. The net assets of the Fund were PKR 1,734.789 million as at June 30, 2019 representing the net asset value of PKR 85.0490 per unit.

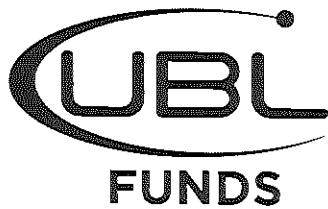
The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 6.5752 per unit to the unit holders during the period ended June 27, 2019 i.e. (6.58%).

JCR-VIS Credit Rating Company Limited (JCR-VIS) has upgraded the Fund stability rating at A (f).

#### **UBL STOCK ADVANTAGE FUND (USF)**

The Fund incurred a total loss of PKR 884.85 million for the year ended 30 June, 2019 (including an unrealized loss of PKR 1,090.69 million on re-measurement of investments) as compared to total loss of PKR 610.36 million (including an unrealized loss of PKR 411.10 million on re-measurement of investments). The loss of the fund is mainly due to capital loss on sale of securities amounting to PKR 159.57 million (2018: capital loss amounting to PKR 485.07 million), dividend income amounting to PKR 313.49 million (2018: PKR 295.42 million). Total expenses amounted to PKR 213.98 million. The net assets of the Fund were PKR 5,397.66 million as at June 30, 2019 representing the net asset value of PKR 57.3600 per unit.

The Fund is not yet rated.



#### UBL ASSET ALLOCATION FUND (UAAF)

The Fund earned a total income of PKR 19.798 million for the year ended 30 June 2019 (including an unrealized loss of PKR 128.482 million). The earnings of the Fund mainly include income from Government Securities, bank balances, Corporate TFC's, Term Deposits Receipts amounting to PKR 114.985 and dividend income of PKR 57.650 million. After accounting for expenses of PKR 40.264 million, the Fund incurred a net loss of PKR 20.466 million. The net assets of the Fund were PKR 1,373.82 million as at June 30, 2019 representing the net asset value of PKR 132.2366 per unit.

#### UBL CAPITAL PROTECTED FUND - III (UCPF-III)

The Fund earned a total income of PKR 15.007 million for the period ended 30 June 2019. The earnings of the Fund represent income from bank balances, term deposits receipts and dividends. After accounting for expenses of PKR 5.673 million, the Fund managed to earn a net income of PKR 9.334 million. The net assets of the Fund were PKR 312.07 million as at June 30, 2018 representing the net asset value of PKR 100.0366 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 3.1412 per unit to the unit holders during the period ended June 23, 2019 i.e. (3.14%).

#### UBL DEDICATED EQUITY FUND - (UDEF)

The Fund incurred a total loss of PKR 23.74 million for the period ended 30 June 2019 (including an unrealized loss of PKR 29.29 million). The earnings of the Fund represent income from bank balances and dividends. After accounting for expenses of PKR 6.69 million, the Fund incurred a net loss of PKR 30.43 million. The net assets of the Fund were PKR 181.58 million as at June 30, 2019 representing the net asset value of PKR 80.8948 per unit.

#### UBL FINANCIAL SECTOR FUND - (UFSF)

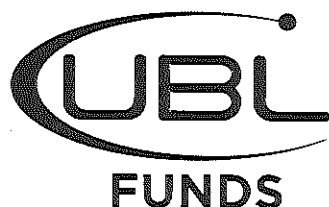
The Fund incurred a total loss of PKR 81.303 million for the period ended 30 June 2019. The earnings of the Fund represent income from bank balances and dividends. After accounting for expenses of PKR 23.569 million, the Fund incurred a net loss of PKR 104.872 million. The net assets of the Fund were PKR 861.35 million as at June 30, 2019 representing the net asset value of PKR 80.1577 per unit.

#### UBL FINANCIAL PLANNING FUND

#### UBL ACTIVE PRINCIPAL PRESERVATION PLAN - I

The Plan earned a total income of PKR 4.86 million for the period ended 30 June 2019. The earnings of the Fund represent income from bank balances and capital gains from sale of investments. After accounting for expenses of PKR 1.07 million, the Fund managed to earn a net income of PKR 3.79 million. The net assets of the Fund were PKR 168.75 million as at June 30, 2019 representing the net asset value of PKR 103.1001 per unit.





#### **UBL FINANCIAL PLANNING FUND**

##### **UBL ACTIVE PRINCIPAL PRESERVATION PLAN - II**

The Plan earned a total income of PKR 12.81 million for the period ended 30 June 2019. The earnings of the Fund represent income from bank balances, term deposits receipts and capital gains from sale of investments. After accounting for expenses of PKR 2.98 million, the Fund managed to earn a net income of PKR 9.83 million. The net assets of the Fund were PKR 308.72 million as at June 30, 2019 representing the net asset value of PKR 101.4723 per unit.

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 2.1534 per unit to the unit holders during the period ended June 27, 2019 i.e. (2.15%).

#### **UBL FINANCIAL PLANNING FUND**

##### **UBL ACTIVE PRINCIPAL PRESERVATION PLAN - III**

The Plan earned a total income of PKR 1.60 million for the period from 24 October 2018 to 30 June 2019. The earnings of the Fund represent income from bank balances, term deposits receipts and capital gains from sale of investments. After accounting for expenses of PKR 0.54 million, the Fund managed to earn a net income of PKR 1.06 million. The net assets of the Fund were PKR 190.45 million as at June 30, 2019 representing the net asset value of PKR 100.3210 per unit

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 0.1127 per unit to the unit holders during the period ended June 27, 2019 i.e. (0.11%).

#### **UBL SPECIAL SAVINGS FUND**

##### **UBL SPECIAL SAVINGS PLAN - I**

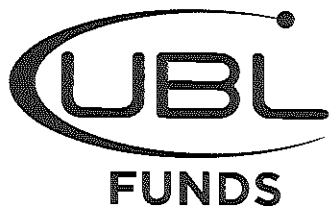
The Plan earned a total income of PKR 33.876 million for the period ending 30 June 2019. The earnings of the Fund represent income from bank balances and term deposits receipts. After accounting for expenses of PKR 5.839 million, the Fund managed to earn a net income of PKR 28.037 million. The net assets of the Fund were PKR 459.720 million as at June 30, 2019 representing the net asset value of PKR 97.6060 per unit

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 4.9878 per unit to the unit holders during the period ended June 23, 2019 i.e. (4.98%).

#### **UBL SPECIAL SAVINGS FUND**

##### **UBL SPECIAL SAVINGS PLAN - II**

The Plan earned a total income of PKR 33.428 million for the period ending 30 June 2019. The earnings of the Fund represent income from bank balances and term deposits receipts. After accounting for expenses of PKR 4.48 million, the Fund managed to earn a net income of PKR 28.948 million. The net assets of the Fund were PKR 901.819 million as at June 30, 2019 representing the net asset value of PKR 97.4116 per unit



The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 3.9974 per unit to the unit holders during the period ended June 23, 2019 i.e. (3.99%).

**UBL SPECIAL SAVINGS FUND**  
**UBL SPECIAL SAVINGS PLAN - III**

The Plan earned a total income of PKR 3.869 million for the period ending 30 June 2019. The earnings of the Fund represent income from bank balances and term deposits receipts. After accounting for expenses of PKR 0.503 million, the Fund managed to earn a net income of PKR 3.366 million. The net assets of the Fund were PKR 264.825 million as at June 30, 2019 representing the net asset value of PKR 98.8607 per unit

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 1.6531 per unit to the unit holders during the period ended June 27, 2019 i.e. (1.65%).

**UBL SPECIAL SAVINGS FUND**  
**UBL SPECIAL SAVINGS PLAN - IV**

The Plan earned a total income of PKR 1.759 million for the period ending 30 June 2019. The earnings of the Fund represent income from bank balances and term deposits receipts. After accounting for expenses of PKR 0.222 million, the Fund managed to earn a net income of PKR 1.537 million. The net assets of the Fund were PKR 182.787 million as at June 30, 2019 representing the net asset value of PKR 99.6688 per unit

The Chief Executive under the authority granted by the Board of Directors approved interim distribution of PKR 0.9757 per unit to the unit holders during the period ended June 27, 2019 i.e. (0.97%).

**STRATEGY, REVIEW AND OUTLOOK OF FUNDS**

For Strategy, Review and Outlook of funds, kindly review the respective section of the Fund Manager's report on Annual Report.

**CODE OF CORPORATE GOVERNANCE**

The Management Company is committed to high standards of corporate governance and the Board of Directors of the Management Company is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Funds remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange.

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

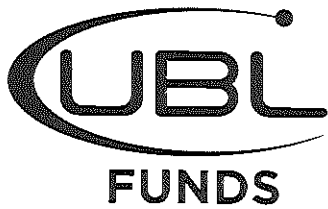


- Financial Statements present fairly the statement of affairs, the results of operations, cash flows and the changes in unit holder's fund;
- Proper books of accounts have been maintained by the Funds;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
- Relevant International Financial Reporting Standards, as applicable in Pakistan, provision of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Funds' ability to continue as going concern, except for AIACTAP – V and AIACTAP – VI since these have been prepared on a basis other than going concern as these funds will be matured on August 14, 2018 and November 20, 2018.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Performance table of Funds is given in the Annual report;
- The statement as to the value of investments of provident fund is not applicable on the Funds but applies to the Management Company; hence no disclosure is made in the Directors' Report of the Funds;
- Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements;

#### **Risk framework and Internal Control System:**

UBL Fund Managers Limited has in place an approved Risk Management Policy that provides the framework to manage risks associated with its activities. It is designed to identify, assess, monitor and manage risk emanating from across the entity.

UBL Fund Managers Limited follows Enterprise Risk Management (ERM) which is a process, ongoing and flowing through an entity effected by people at every level of an organization applied in strategy setting applied across the enterprise, at every level and unit, and includes taking an entity-level portfolio view of risk designed to identify potential events that, if they occur, will affect the entity and to manage risk within its risk appetite.



**UBL Fund Managers Limited has total seven directors:**

- a) Male: Five Directors;
- b) Female: Two Directors

**The composition of board is as follows:**

- a) Independent Directors: Two Directors
- b) Executive Directors: One Director
- c) Non-Executive Directors: Four Directors

The UBL Fund Managers Board's primary responsibility is to supervise affairs of the Company and provide direction to its management. The management is responsible to keep the Board informed regarding Company affairs and effectively implement directions and guidelines given by the BOD.

The Board, in exercise of effective governance and internal control system, strives to balance the spectrum of stakeholders of the Company, including its shareholders, unit holders, customers, employees, regulator and the communities in which it operates. In all actions taken by the Board, the Directors exercise independent business judgment in what they reasonably believe to be in the best interests of the Company.

According to best corporate governance practices, the Board of directors of UBL Fund Managers Limited has established several Board Committees to augment Risk Management , Internal Control system and good corporate governance throughout the entity. These Board Committees facilitate the Board and the Management on issues related to their particular area of competence.

**The Board has the following committees:**

**a. Audit Committee**

- i. Ms. Naz Khan (Chair-Independent);
- ii. Mr. Imran Sarwar;
- iii. Ms. Sadia Saeed;
- iv. Mr. Tauqeer Mazhar.

**b. HR and Remuneration Committee**

- i. Mr. Azhar Hameed (Chairman-Independent);
- ii. Ms. Naz Khan;
- iii. Syed Furrukh Zaeem;
- iv. Ms. Sadia Saeed;
- v. Mr. Yasir Qadri





**c. Risk Management Committee**

- i. Mr. Imran Sarwar (Chairman);
- ii. Mr. Yasir Qadri;
- iii. Mr. Azhar Hameed;
- iv. Syed Furrukh Zaeem;
- v. Mr. Tauqeer Mazhar.

The details as required by the Code of Corporate Governance regarding the pattern of holding are given in their respective financial statements. The name wise detail of associated companies, undertakings and related parties are hereunder:

**UBL LIQUIDITY PLUS FUND (ULPF)**

Name	Closing units
Zeeshan Quddus	1,253
Yasir Qadri	125,700
Umair Ahmed	29
Syed Furrukh Zaeem	20,343
Interloop Holdings Pvt Ltd	9,675,507
Fauji Fertilizer Co. Limited	6,988,477
Engro Corporation Limited	7,735,488

**UBL MONEY MARKET FUND (UMMF)**

Name	Closing units
Zeeshan Quddus	1,741
Umair Ahmed	15,514
Syed Furrukh Zaeem	136,067
Ammar Valika	81,495
BULK MANAGEMENT (PAKISTAN) PRIVATE LTD.	3,979,118
UBL Active Principal Preservation Plan III	1,350,445
UBL Active Principal Preservation Plan II	1,206,745
UBL Active Principal Preservation Plan I	1,304,353



**UBL GOVERNMENT SECURITIES FUND (UGSF)**

Name	Closing units
Yasir Qadri	61,625
Amin Gulamani	1,032
Naiyar Zamani Gohar	3,986,784

**UNITED GROWTH & INCOME FUND (UGIF)**

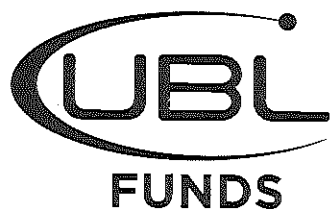
Name	Closing units
Yasir Qadri	53,910
Amin Gulamani	1,406
UBL Fund Managers Limited	7,850,395
GREENSTAR SOCIAL MARKETING PAKISTAN (G) LTD	5,715,018

**UBL INCOME OPPORTUNITY FUND (UIOF)**

Name	Closing units
Yasir Qadri	111,651
UBL Fund Managers Limited	4,765,128

**UBL STOCK ADVANTAGE FUND (USF)**

Name	Closing units
Amin Gulamani	2,723
Ammar Valika	90,865
Yasir Qadri	65,227
Zain Zeeshan	1,436
Zara Zeeshan	2,240
Zeeshan Quddus	50,192
UBL Fund Managers Limited – Employees Gratuity Fund	7,213
UBL Fund Managers Limited – Employees Provident Fund	8,524
UBL Fund Managers Limited	3,054,301
SINDH PROVINCE PENSION FUND	9,431,369
CDC TRUSTEE-PUNJAB PENSION FUND TRUST	11,096,316



#### UBL ASSET ALLOCATION FUND (UAAF)

Name	Closing units
Amin Gulamani	16,259
RONAK IQBAL LAKHANI	1,095,456

#### UBL PRINCIPAL PROTECTED FUND –III (UCPF – III)

Name	Closing units
UBL Employees' Gratuity Fund	189,454
UBL Employees' Provident Fund	1,570,425

#### UBL FINANCIAL SECTOR FUND (UFSF)

Name	Closing units
Zara Zeeshan	1,081
Zain Zeeshan	1,081
Yasir Qadri	25,467
Ammar Valika	39,429
UBL Employees' Gratuity Fund	185,653
UBL Employees' Provident Fund	993,587
UBL Fund Managers Limited – Employees Gratuity Fund	18,103
UBL Officer / Non- officer Benevolent Fund	71,052
UBL Staff General Provident Fund Trust	281,917
UBL Staff Pension Fund Trust	1,854,237
United Bank Limited	1,691,561
UBL Fund Managers Limited	1,496,402

#### UBL DEDICATED EQUITY FUND

Name	Closing units
UBL Active Principal Preservation Plan III	671,331
UBL Active Principal Preservation Plan II	689,972
UBL Active Principal Preservation Plan I	455,644



**UBL FINANCIAL PLANNING FUND**

**UBL Active Principal Preservation Plan I (UAPPP – I)**

Name	Closing units
REHANA BASHIR	244,733
BAI VIRBAJI SOPARIVALA PARSİ HIGH SCHOOL	290,321

**UBL FINANCIAL PLANNING FUND**

**UBL Active Principal Preservation Plan I (UAPPP-II)**

Name	Closing units
MULTILINE ENTERPRISES	635,127

**UBL FINANCIAL PLANNING FUND**

**UBL Active Principal Preservation Plan I (UAPPP-III)**

Name	Closing units
ZIA UDDIN NAJAM	194,220
SYED MAZHAR IQBAL	196,939

**UBL SPECIAL SAVING FUND**

**UBL SPECIAL SAVINGS PLAN -III (USSP – III)**

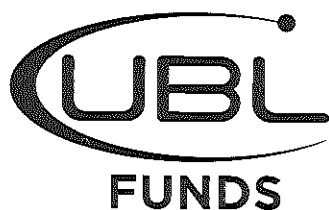
Name	Closing units
IKRAM UL HAQ QURESHI	1,068,623

**UBL SPECIAL SAVING FUND**

**UBL SPECIAL SAVINGS PLAN - IV (USSP – IV)**

Name	Closing units
SAEEDA AZIZ	652,380
SONIA AMBREEN SHEIKH	203,759





- There have been no trades in the units of the Funds' carried out by the Directors, CEO, CFO / COO and Company Secretary and their spouses except as disclosed below and in the notes to the accounts;

#### UBL LIQUIDITY PLUS FUND (ULPF)

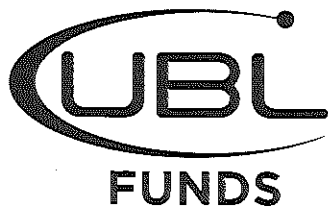
Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Syed Furrakh Zaeem	Director	64	20,279	-	-	20,343
Yasir Qadri	CEO	141,584	17,399	33,283	-	125,700
Umair Ahmed	CFO & COO	8,475	16,076	24,522	-	29
Ammar Valika	Head of Sales	88,176	5,274	93,450	-	-
Zeeshan Quddus	Chief Business Development Officer	-	1,253	-	-	1,253
Midhat Fatima	Spouse of CFO & COO	-	4,957	4,957	-	-

#### UBL MONEY MARKET FUND (UMMF)

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Syed Furrakh Zaeem	Director	87	135,980	-	-	136,067
Zeeshan Quddus	Chief Business Development Officer	-	4,336	2,595	-	1,741
Umair Ahmed	CFO & COO	-	33,886	18,372	-	15,514
Ammar Valika	Head of Sales	-	130,230	48,735	-	81,495

#### UBL GOVERNMENT SECURITIES FUND

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Amin Gulamani	Head of HR	963	103	34	-	1,032
Yasir Qadri	CEO	-	61,625	-	-	61,625



#### UNITED GROWTH & INCOME FUND

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Yasir Qadri	CEO	2	143,955	90,047	-	53,910
Amin Gulamani	Head of HR	1,259	147	-	-	1,406
Umair Ahmed	CFO & COO	-	22,533	22,533	-	-
Ammar Valika	Head of Sales	-	73	73	-	-

#### UBL INCOME OPPURTUNITY FUND

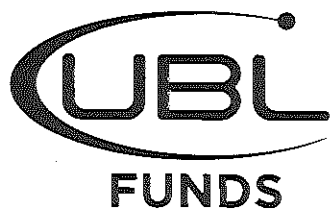
Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Yasir Qadri	CEO	126,496	15,440	30,285	-	111,651

#### UBL STOCK ADVANTAGE FUND (USF)

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Zeeshan Quddus	Chief Business Development Officer	21,450	33,938	9,865	-	
Ammar Valika	Head of Sales	85,986	4,879	-	-	
Zara Zeeshan	Daughter of Chief Business Development Officer	-	5,725	3,485	-	
Zain Zeeshan	Son of Chief Business Development Officer	-	5,725	4,288	-	
Yasir Qadri	CEO	87,482	40,115	62,370	-	
Amin Gulamani	Head of HR	2,665	58			

#### UBL ASSET ALLOCATION FUND

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Syed Furrukh Zaeem	Director	40,032	-	40,032	-	-
Umair Ahmed	CFO & COO	5,839	-	5,839	-	-
Amin Gulamani	Head of HR	10,395	5,864	-	-	16,259



**UBL FINANCIAL SECTOR FUND (UFSF)**

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Yasir Qadri	CEO	3,254	40,334	18,121	-	25,467
Umair Ahmed	CFO & COO	-	13,016	13,016	-	-
Ammar Valika	Head of Sales	10,434	39,428	10,433	-	39,429
Zeeshan Quddus	Chief Business Development Officer	-	1,632	1,632	-	-
Zara Zeeshan	Daughter of Chief Business Development Officer	-	1,081	-	-	1,081
Zain Zeeshan	Son of Chief Business Development Officer	-	1,081	-	-	1,081

## BOARD OF DIRECTORS (BOD)

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

Name of Director	Meetings Attended	28-Aug-18	26-Oct-18	8-Nov-18	11-Dec-18	27-Feb-19	29-Apr-19	6-May-19
Mr. Azhar Hamid	7	✓	✓	✓	✓	✓	✓	✓
Mirza Muhammad Sadeed Hassan Barlas*	1	✓	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Imran Sarwar**	4	N/A	N/A	✓	✓	x	✓	✓
Mr. Tauqeer Mazhar**	3	N/A	N/A	✓	✓	x	x	✓
Mr. Yasir Qadri	7	✓	✓	✓	✓	✓	✓	✓
Mr. Zia Ijaz*	0	x	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Sharjeel Shahid*	1	✓	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Naz Khan	7	✓	✓	✓	✓	✓	✓	✓
Ms. Sadia Saeed**	5	N/A	N/A	✓	✓	✓	✓	✓
Syed Furrugh Zaeem	6	✓	✓	✓	x	✓	✓	✓

Name of Key Executives								
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



### BOARD AUDIT COMMITTEE (BAC)

During the year ended June 30, 2019 six (6) BAC meetings held. The details of attendance are as under:

Members	27-Aug-18	3-Sep-18	25-Oct-18	26-Feb-19	19-Mar-19	29-Apr-19
Mr. Azhar Hamid**	N/A	N/A	✓	N/A	N/A	N/A
Mirza Muhammad Sadeed Hassan Barlas*	✓	✓	N/A	N/A	N/A	N/A
Mr. Imran Sarwar***	N/A	N/A	N/A	×	✓	✓
Mr. Tauqeer Mazhar****	N/A	N/A	N/A	×	✓	✓
Mr. Zia Ijaz*	×	×	N/A	N/A	N/A	N/A
Mr. Sharjeel Shahid*	✓	✓	N/A	N/A	N/A	N/A
Ms. Naz Khan	✓	✓	✓	✓	✓	✓
Ms. Sadia Saeed***	N/A	N/A	N/A	✓	×	✓
Syed Furrukh Zaeem**	N/A	N/A	×	N/A	N/A	N/A
S.M. Aly Osman	✓	✓	✓	✓	✓	✓
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓
Mr. Yasir Qadri ****	-	-	✓	-	✓	-

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

\*\* Board has reconstituted the committee effective from October 10, 2018

\*\*\* Board has reconstituted the committee effective from October 26, 2018

\*\*\*\* on Special Invitation

### HUMAN RESOURCE COMPENSATION COMMITTEE (HRCC)

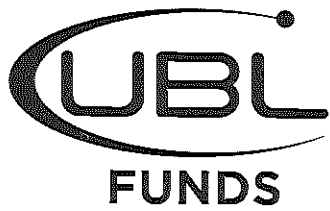
During the year ended June 30, 2019 four (4) HRCC meetings held. The details of attendance are as under:

Attendees	37th BHRCC Meeting Held at 09-11-2018	38th BHRCC Meeting Held at 10-12-2018	39th BHRCC Meeting Held at 08-02-2019	40th BHRCC Meeting Held at 18-04-2019
Mr. Azhar Hamid	✓	✓	✓	✓
Ms. Naz Khan	✓	✓	✓	✓
Ms. Sadia Saeed	✓	✓	✓	✓
Syed Furrukh Zaeem	✓	×	✓	✓
Mr. Imran Sarwar *	✓	-	-	-
Mr. Tauqeer Mazhar *	✓	N/A	N/A	N/A
Mr. Yasir Qadri	✓	✓	✓	✓
Mr. Amin Gulamani	✓	✓	✓	✓

× Absent

N/A Not Applicable

\* On Special Invitation



## RISK MANAGEMENT COMMITTEE

During the year ended June 30, 2019 four (4) BRCC meetings held. Below is the attendance of Board of Directors:

Attendees	28-Aug-18	25-Oct-18	26-Feb-19	6-May-19
MR. IMRAN SARWAR *	-	-	X	✓
MR. TAUQEER MAZHAR *	-	-	X	✓
MR. SADEED BARLAS **	✓	-	-	-
MR. SYED FURRUKH ZAEEM	✓	✓	✓	✓
MR. YASIR QADRI	✓	✓	✓	✓
MR. AZHAR HAMID	✓	✓	✓	✓
MR. SHAJEEL SHAHID ***	✓	-	-	-
MR. HADI HASSAN MUKHI	✓	✓	-	✓

✓ - ATTENDED MEETING

X - DID NOT ATTEND

\* MR. IMRAN SARWAR AND MR. TAUQEER MAZHAR JOINED THE BRCC AS CHAIRMAN AND MEMBER RESPECTIVELY.

\*\* MR. SADEED BARLAS RESIGNED FROM THE BOARD.

\*\*\* MR SHAJEEL SHAHID RESIGNED FROM THE BOARD.

As required by the Code, five directors on the Board have completed the Director Training Program (DTP).

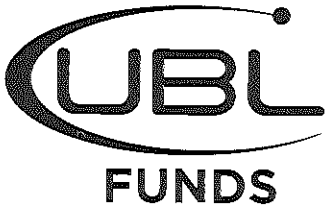
All the directors are well conversant with the relevant laws applicable to the Fund and the Management Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.



#### AUDITORS

The present auditors as per table below retire on conclusion of the audit for the year ended June 30, 2019:

S.R. No	Name of Fund	Name of auditors as of June 30, 2019	Status of appointment for the year ending June 30, 2020
1	UBL Capital Protected Fund - III	M/s BDO Ebrahim & Co., Chartered Accountants	Eligible for re-appointment
2	UBL Financial Sector Fund	M/s BDO Ebrahim & Co., Chartered Accountants	Eligible for re-appointment
3	UBL Government Securities Fund	M/s BDO Ebrahim & Co., Chartered Accountants	Eligible for re-appointment
4	UBL Liquidity Plus Fund	M/s BDO Ebrahim & Co., Chartered Accountants	Not eligible for re-appointment, for being statutory auditors of the fund for consecutive five years
5	UBL Stock Advantage Fund	M/s Deloitte Yousuf Adil & Co., Chartered Accountants	Not eligible for re-appointment, for being statutory auditors of the fund for consecutive five years
6	UBL Asset Allocation Fund	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	Eligible for re-appointment
7	UBL Dedicated Equity Fund	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	Eligible for re-appointment
8	UBL Financial Planning Fund	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	Eligible for re-appointment
9	UBL Growth & Income Fund	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	Eligible for re-appointment
10	UBL Income Opportunity Fund	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	Eligible for re-appointment
11	UBL Money Market Fund	M/s KPMG Taseer Hadi & Co., Chartered Accountants	Eligible for re-appointment
12	UBL Special Savings Fund	M/s KPMG Taseer Hadi & Co., Chartered Accountants	Eligible for re-appointment



#### Acknowledgements

We would like to thank our valued unit holders for their confidence and trust in UBL Fund Managers Limited. In addition, we would like to acknowledge the Securities and Exchange Commission of Pakistan, State Bank of Pakistan and Central Depository Company of Pakistan Limited (Trustee) for their continued support, guidance and cooperation. The Board also likes to take this opportunity to express its appreciation to the employees for their dedication, commitment, enthusiasm and hard work.

FOR & ON BEHALF OF THE BOARD



YASIR QADRI  
CHIEF EXECUTIVE

Karachi, Dated: August 30, 2019

## ڈائریکٹر رپورٹ

UBL Fund Managers Ltd. ڈائریکٹر بورڈ درج ذیل فنڈز کی رپورٹ پیش کرتے ہوئے فخر محسوس کرتا ہے۔ یہ رپورٹیں مالی سال 2019 کے اختتام تک ہیں۔

- یو بی ایل لکویڈیٹی پلس فنڈ (یو ایل پی ایف)
- یو بی ایل منی مارکیٹ فنڈ: (یو ایم ایم ایف)
- یو بی ایل گورنمنٹ سیکورٹیز فنڈ: (یو جی ایس ایف)
- یو بی ایل انکم آپرٹینیٹی فنڈ: (یو آئی او ایف)
- یو بی ایل گروتھ اینڈ انکم فنڈ (یو جی آئی ایف)
- یو بی ایل اسٹاک ایڈوانٹج فنڈ (یو ایس ایف)
- یو بی ایل ایسیٹ ایلوکیشن فنڈ (یو اے اے ایف)
- یو بی ایل ڈیڈویکٹیڈ ایکٹیوٹی فنڈ (یو ڈی ای ایف)
- یو بی ایل فائینیشل سیکورٹیز فنڈ (یو ایف ایس ایف)
- یو بی ایل کپیٹل پروڈیکٹیو فنڈ-III (یو سی پی ایف-III)
- یو بی ایل ایکٹیو پرنسپل پریزرویشن پلان-I (یو اے پی پی پی-I)
- یو بی ایل ایکٹیو پرنسپل پریزرویشن پلان-II (یو اے پی پی پی-II)
- یو بی ایل ایکٹیو پرنسپل پریزرویشن پلان-III (یو اے پی پی پی-III)
- یو بی ایل اسپیشل سیونگ پلان-I (یو ایس ایس پی-I)
- یو بی ایل اسپیشل سیونگ پلان-II (یو ایس ایس پی-II)
- یو بی ایل اسپیشل سیونگ پلان-III (یو ایس ایس پی-III)
- یو بی ایل اسپیشل سیونگ پلان-IV (یو ایس ایس پی-IV)

معاشی جائزہ برائے مالی سال 2019

مالی سال 2019 میں پاکستان کی مجموعی داخلی پیداوار میں خاطر خواہ کمی واقع ہوئی۔ مالی سال 2018 میں یہ 5.5% تھی جو کہ مالی سال 2019ء

میں کم ہو کر %3.2 فیصد رہ گئی۔

اس کی بنیادی وجہ حکومتی اقدامات تھے جو کہ معاشیات کبریٰ کو مستحکم کرنے لئے اٹھائے گئے۔ ان قابل ذکر اقدامات میں نظام زر کو کفایت شعاری کی جانب لے جانا۔ پاکستانی روپے کی قدر میں غیر معمولی کمی کرنا۔ عوامی بہبود کے ترقیاتی منصوبوں کو ایک باقاعدہ نظام کے تحت لانا شامل ہیں۔ علاوہ ازیں زرعی پیداوار کی مایوس کن کارکردگی نے بھی مجموعی داخلی پیداوار پر منفی اثرات مرتب کئے۔

مالی سال 2019 میں افراط زر کی شرح میں اوسطاً %7.3 اضافہ ہوا جو کہ گزشتہ مالی سال 2018ء میں %3.9 تھی۔

پیداواری لاگت میں اضافہ مندرجہ ذیل عناصر کی وجہ سے ہوا۔

1۔ بجلی اور گیس کی قیمتوں میں اضافہ

2۔ پاکستانی روپے کی قدر میں کمی

3۔ موصلاتی اخراجات میں اضافہ سے روزمرہ اشیاء اور اشیائے خورد و نوش پر بالواسطہ منفی اثرات مرتب ہوئے۔

اس کے ساتھ ساتھ رہائشی کرایوں میں اضافہ نے بھی صارفین کو متاثر کیا۔ لہذا افراط زر کے دباؤ پر قابو پانے کی خاطر اسٹیٹ بینک نے شرح سود میں 575 پوائنٹ کا اضافہ کیا۔

بیرونی محاذ پر مالی سال 2019ء کی ابتداء میں مالی خسارہ معاشی ترقی میں رکاوٹ رہا۔ حکومت کی طرف سے لئے گئے سخت اقدامات کے باعث درآمدات میں واضح کمی ہوتی دکھائی دی اور طلب میں کمی کے باعث بجلی پیدا کرنے والے آلات اور مشینری کی درآمدات بھی متاثر ہوئی۔ CPEC کے تحت قبل از وقت تکمیل پانے والے منصوبے بھی اسی میں شامل ہیں۔

معاشی سرگرمیوں میں سست روی کی وجہ سے پیٹرول اور خام مال کی درآمدات میں بھی کمی واقع ہوئی۔ نتیجہ درآمدی اخراجات میں %7.3 کمی واقع ہونے سے یہ اخراجات 52.4 ارب امریکی ڈالر رہ گئے جو کہ مالی سال 2018ء میں 56.4 ارب امریکی ڈالر تھے۔

درآمدات میں کمی اور بیرون ملک پاکستانیوں کے ترسیلات زر سے مالی سال 2019ء کے مالی خسارے میں %32 کمی واقع ہوئی۔ مالی سال 2018 میں یہ خسارہ 19.9 ارب امریکی ڈالر تھا۔ جو کہ مالی سال 2019ء میں کم ہو کر 13.6 ارب امریکی ڈالر رہ گیا۔

مالیاتی رخ پر مالی سال 2019 میں مجموعی مالی خسارہ مجموعی داخلی پیداوار کا %5 ہو گیا جو کہ مالی سال 2018 میں %4.3 تھا اس کی بڑی وجہ محصولات میں کمی تھی۔ مالی سال 2018 کے مقابلے میں FBR محصولات کی مد میں صرف %2.8 کا اضافہ کر سکا۔ گزشتہ مالی سال میں یہ %16.2 تھے اسٹیٹ بینک پاکستان کے منافع میں کمی کے باعث بلائیکس آمدنی بھی کم ہو گئی۔

دوسری جانب سرکاری اخراجات میں اضافہ مالی سال 2019 میں %8 رہا جو کہ گزشتہ سال 2018 میں %16 تھا۔ عوامی بہبود کے ترقیاتی منصوبوں میں %41 کمی کے باوجود موجودہ حکومتی اخراجات میں %17.7 فیصد کا اضافہ ہوا۔ اس میں بڑا حصہ سود کی ادائیگی اور دفاعی اخراجات پر اٹھنے والی رقم شامل ہے۔ آمدنی اور اخراجات کے اس فرق کو کم کرنے کیلئے حکومت نے بینک دولت پاکستان بیرونی اور دیگر ذرائع سے قرض حاصل کئے۔

جون 2019 میں دواہم واقعات رونما ہوئے۔

(i) پاکستان تحریک انصاف کی حکومت سے مالی سال 2020 کا بجٹ پیش کیا۔ ٹیکس کے نظام میں بہتری اسکا بنیادی ہدف تھا۔ قابل ذکر اصلاحات میں محصولات میں کمی نظام میں بے قاعدگی اور استثنائی کو ختم کرنا۔ خاص طور پر بڑی خدمات عامہ کے اداروں کو فائدہ مند بنانا اس میں شامل ہے۔ یہ ادارے معیشت کا 60% حصہ ہیں مگر حکومت کو ادائیگی نہ ہونے کے برابر ہیں۔

بجٹ دستاویز کے مطابق حکومت کا ہدف FBR ٹیکس آمدنی کو مالی سال 2019 میں مجموعی داخلی پیداوار کا 10.8% کرنا چاہتی ہے جو کہ 2020ء میں 16.6% اور آئندہ دو برسوں میں 15.1% فیصد متوقع ہے۔

(ii) حکومت پاکستان نے بین الاقوامی مالیاتی فنڈ سے توسیعی مالی وسائل کی سہولت کے معاہدے پر دستخط کئے۔ اس کے مطابق یہ ادارہ پاکستان کو 39 ماہ کی مدت میں 6 ارب امریکی ڈالر فراہم کرے گا۔ اسکا مقصد پاکستان کے داخلی اور خارجی مالی امور کو متوازن کرنا شفافیت کو یقینی بنانا، کاروبار کے لئے سازگار ماحول کا مہیا کرنا اور معیشت کی نشوونما کی راہ میں حائل رکاوٹوں کو دور کرنا ہے۔ ایسی معاشی اصلاحات کی جائیں گی کہ جن پر عمل پیرا ہو کر پاکستان کی معیشت ایک دیرپا استحکام کی راہ پر گامزن ہو جائے گی۔

### بازارِ قرض کا جائزہ

حکومت پاکستان نے مالیاتی سال 2019 میں پاکستان سرمایہ کاری بانڈز کی 12 نیلامیاں کیں۔ 800 ارب روپے کے ہدف کے مقابلے میں 871 ارب روپے حاصل کئے گئے۔ جو کہ مالیاتی سال 2018 میں 1.2 ارب روپے تھے۔ اس کے نتیجے میں پاکستان میں واجب الادا رقم PIB مارکیٹ میں بڑھ کر 769 ارب روپے تک جان پہنچی۔

ان نیلامیوں میں خریداروں کا جھکاؤ 3 سالہ اور 5 سالہ مدت کے بانڈز پر تھا۔ جون 2019 کی نیلامی میں شرح سود درج ذیل رہی۔  
3 سالہ مدت پر 13.69% پانچ سالہ مدت پر 13.8% اور دس سالہ مدت پر 13.5%۔

شرح سود میں اضافہ کے ساتھ ساتھ حکومتی T Bills کی شرح منافع میں بھی اضافہ ہوا۔ 3 ماہ، 6 ماہ اور 12 ماہ کے T Bills کی شرح منافع میں بالترتیب 5.97%، 5.95% اور 5.94% رہا۔ بقیہ 3، 5، اور 10 سالہ بانڈز پر منافع میں اضافہ بالترتیب 5.56%، 5.10% اور 4.69% رہا۔ سپاٹ منافع کے curve کے مطابق ایک سالہ T Bills 13.12% اور 10 سالہ PIB 13.72% کے سالانہ منافع کا پھیلاؤ 30 جون 2019ء کو کم ہو کر 0.59 فیصد ہو گیا۔

### شیر (حصص) مارکیٹ کا جائزہ برائے مالیاتی سال 2019

ایک طویل مدت تک کساد بازاری کا شکار پاکستان شیر مارکیٹ کیلئے ایک اور مایوس کن سال رہا۔ مالی سال 2019 میں حصص اشارے نے مسلسل دوسری سال بھی 19 فیصد خسارہ دکھایا۔ اس کی وجوہات مندرجہ ذیل ہیں۔

۱۔ شرح سود میں متوقع اضافہ ۲۔ سست معاشی رفتار ۳۔ معاشیات کمزوری کی ابتوری ۴۔ تیزی سے بڑھنے والے مالی اور تجارتی

خسارے اور ۵۔ پاکستانی روپے کی قدر میں بے انتہا کمی۔ بڑھتی ہوئی بے یقینی نے مارکیٹ کے کھلاڑیوں کو حد درجہ محتاط کر دیا جس کی وجہ سے اوسط حصص کا حجم 96.3% ملین پر ہی ختم گیا۔ خارجی شراکت دار فقط حصص فروخت کرتے رہے جس کی مالیت تقریباً 356 ملین امریکی ڈالر رہی۔

منصفانہ حصص مارکیٹ نے مالی سال کی ابتداء مثبت انداز سے کی جبکہ معیاری اشارے نے جنوری 2019 میں 2 فیصد اضافہ ریکارڈ کیا۔ تاہم بین الاقوامی مالیاتی ادارے سے معاہدے میں تاخیر نے حصص مارکیٹ میں مندی کا رجحان برقرار رکھا اور مارکیٹ کا معیاری انداز 5 ماہ تک تنزلی کا شکار رہا۔ اس کمی میں جن حصص (شیرز) نے منفی کردار ادا کیا ان میں سینٹ، تیل اور گیس مارکیٹنگ، ریفاکٹری، آٹوموبائل اور انشورنس شامل ہیں

## اسلامک مالیاتی جائزہ برائے مالی سال 2019

مالی سال 2019 اسلامک بینکنگ صنعت کے لئے بے حد منافع بخش رہا۔ شرح سود میں تیکھاپن اور اسکے نتیجے میں بڑھتی ہوئی افراط زر اسی کی وجوہات ہیں۔ حد سیز بڑھتی ہوئی طلب اور مالیاتی نقصانات کے پیش نظر SBP نے شرح سود میں 5.75% کا اضافہ کر کے اسے 12.25% پر پہنچا دیا۔ شرح سود میں مزید اضافہ اسلامک بینک اور اسلامی مالیاتی اداروں کے لئے حد درجہ مثبت اثرات مرتب کرے گا۔

روایتی بینکنگ نظام سے سخت مقابلہ کے باوجود اسلامی بینکنگ صنعت نے مالیاتی سال 2019 میں عمدہ ترقی کی۔ اسلامی بینکنگ صنعت کا بنیادی اثاثہ بڑھ کر 2790 ارب روپے (19.5%) تک پہنچ گیا۔ مارچ 2019 کے اختتام تک بینکاری نظام میں اسلامی بینکنگ کا حصہ مندرجہ ذیل رہا۔

۱۔ اثاثوں کی مد میں 15% اور ۲۔ بچت کھاتوں کی مد میں 15.6%۔

اسلامک بینکنگ کی شاخوں کے پھیلاؤ اور روایتی بینکنگ کا اسلامی کھڑکی کا کھولنا اس امر کی طرف اشارہ کرتا ہے کہ آئے والے برسوں میں اسلامی بینکنگ بہت ترقی پائے گی۔

برآمدات میں اضافہ کی کوششوں میں تیزی لانے کیلئے بینک دولت پاکستان نے اسلامی طویل المدتی قرضہ کی سہولت (ILTFF) کا اجراء کیا۔ جو کہ شریعت کے طالع مضاربہ ہے۔ یہ روایتی بینکنگ نظام کی طویل الامدت قرضہ سہولت (LTFF) کا متبادل ہے۔ یہ سہولت ان گاہکوں کی مالیاتی ضروریات کو پورا کرے گا جو کہ شرعی مالیاتی خدمات کو ترجیح دیتے ہیں۔

## جنس مارکیٹ کا جائزہ: COMMODITY MARKET REVIEW

مالی سال 2019 کے اوائل میں سونے کی قیمتیں روو بدل کا شکار رہیں۔ اور عالمی حصص مارکیٹ میں استحکام اور مثبت رجحانات کے باعث اسی مالی سال کی پہلی سہ ماہی میں یہ قیمتیں 4% کم ہو گئیں۔

اس سال کے دوران حصص مارکیٹ میں اتار چڑھاؤ آنا شروع ہوا اور امریکہ۔ چین تجارتی تنازعہ کے تناظر میں سونے کی قیمت میں اضافہ دیکھنے میں آیا۔ مالی سال 2019 کے اختتام یعنی جون 2019 تک سونے کا بھاء 14.9 امریکی ڈالر فی اونس رہا۔ جو کہ تقریباً 13% منافع کے برابر ہے

## مستقبل کا زاویہ نگاہ: FUTURE OUTLOOK



حکومت کا معیشت کو سنبھال دینے کے اقدامات اور معیشت کا اصلاحاتی منصوبوں کے مطابق حرکت کو دیکھتے ہوئے ہم یہ توقع کر سکتے ہیں کہ معیشت کبڑی آہستہ آہستہ ایک مستحکم سمت میں گامزن ہو جائے گی۔ تاہم مالی سال 2020ء میں مجموعی معیشت کی شرح نمو میں مزید کمی ہوگی جو کہ بعد میں بہتر ہونا شروع ہو جائے گی۔ بین الاقوامی مالیاتی پروگرام میں دوبارہ داخلہ سے اس بات کا قوی امکان ہے جڑواں خسارے کم ہوں گے اور معیشت کبڑی کی علامات میں مثبت تبدیلی ہوگی۔

مالی رخ پر ابھی کوئی بڑی بہتری نظر نہیں آرہی۔ حکومت نے بنیادی خسارے کا ہدف 0.6% مقرر کیا ہے۔ جو کہ عوامی سود کے منصوبوں کے اخراجات میں کٹوتی سے حاصل ہوگا۔

خارجی رخ پر توقع یہ کی جارہی ہے کہ حالیہ مالی خسارہ مالی سال 2020 میں 8.9 ارب امریکی ڈالر تک جا پہنچے گا۔

مالی خسارے میں کمی کی وجوہات یہ ہیں۔

۱۔ درآمدات میں کمی  
۲۔ تیل کی مصنوعات کی قیمتوں میں کمی

۳۔ سمندر پار پاکستانیوں کی ترسیل زر میں اضافہ اور  
۴۔ برآمدات میں اضافہ

افراط زر کی شرح مالی سال 2020 میں 11.12% کی بلند سطح پر قائم رہے گی۔ جس کی وجہ بجلی اور گیس کے نرخوں میں اضافہ اور روپیہ کی شرح تبادلہ میں رد و بدل۔ اس کے مطابق بالعموم وقت گزرنے کے ساتھ افراط زر میں بتدریج کمی واقع ہوگی۔

منصفانہ حصص کے تناظر میں دیکھا جائے تو وہ حصص جو کہ امریکی ڈالر سے محدود توانائی کے شعبے سے متعلق بھی بہت حد تک منافع بخش ہوں گے۔ ڈالر کی قیمت میں اضافہ کا براہ راست اثر آمدنی پر مرتب ہوگا۔

باوجود اس کے کہ منجمد آمدنی کے منافع میں اضافہ ہوا ہم یہ امید رکھتے ہیں کہ پرکشش حصص کے منافع حصص مارکیٹ کے کاروبار میں مثبت تبدیلی لائیں گے۔

ہمیں امید ہے کہ KSE-100 انڈیکس صحت مند منافع لائے گا۔ فی الوقت یہ اشارہ 6.3 پر بک رہا ہے جو کہ مئی 2017 میں 12.0 تھا۔ یہ بات قابل ذکر ہے کہ پاکستان دیگر بڑی حصص مارکیٹ کے مقابلے میں ارزاں ترین ہے۔ پاکستان حصص مارکیٹ 7.5% منافع اور 15% آمدنی / کمائی پیش کرتا ہے۔

فنڈ کی کارکردگی اور اعلانات :

- یو بی ایل مبدل بہ زر نقد پلس فنڈ : UBL Liquidity Plus Fund (ULPF)

30 جون 2019 کے اختتام پر فنڈ کی آمدنی 1098.907 رہی اس میں بینک بچت کھاتوں اور حکومتی ضمانت شدہ سرمایہ کاری منصوبوں سے حاصل شدہ سود کی آمدنی بھی شامل ہے۔ 143.610 ملین روپے کے اخراجات منہا کر دینے سے فنڈ کو 955.297 ملین روپے خالص آمدنی ہوئی۔ فی یونٹ کی خالص قدر 100.7804 روپے رہی۔ علاوہ ازیں 910.97 ملین روپے بطور عارضی منافع حصہ داروں میں تقسیم کئے گئے۔ خالص اثاثے 6837.33 ملین روپے JCR-VIS کی درجہ بندی کے مطابق فنڈ کو AA(f) کا درجہ دیا گیا۔

### یو بی ایل لکویڈیٹی پلس فنڈ (یو ایل پی ایف)

مالی سال 2019 کی کل آمدنی 184.357 ملین روپے رہی۔ جس میں بینک بچت کھاتوں اور حکومت کی ضمانت شدہ سرمایہ کاری منصوبوں سے حاصل شدہ سود کی آمدنی شامل ہے۔

انتظامی اخراجات کو منہا کرنے کے بعد جو کہ 26.48 ملین روپے تھے فنڈ کی خالص آمدنی 157.877 ملین روپے رہی۔ فنڈ کے خالص اثاثے 2725.43 ملین روپے اور فی یونٹ خالص قدر 100.6767 روپے رہی۔

حصہ داروں میں 8.34% کے حساب سے 8.3440 روپے فی یونٹ عارضی منافع تقسیم کیا گیا۔

JCR-VIS نے فنڈ کو AA(f) کا درجہ دیا۔

### یو بی ایل گورنمنٹ سکیورٹیز فنڈ: (یو جی ایس ایف)

مالی سال 2019 کے اختتام 30 جون 2019 پر فنڈ کو مجموعی طور پر 152.06 ملین روپے کی آمدنی ہوئی۔ اس میں بینک بچت کھاتوں۔ معیادی سرمایہ کاری اور حکومتی سرمایہ کاری منصوبوں، سے حاصل شدہ سودی منافع شامل ہے۔ انتظامی اخراجات کو منہا کرنے کے بعد جو کہ

30.071 ملین روپے ہیں۔ فنڈ کو 121.989 ملین روپے کی خالص آمدنی ہوئی۔ فنڈ کے خالص اثاثے 1533.51 ملین روپے اور فی یونٹ کی خالص اثاثہ قدر 105.7851 روپے رہی۔

بورڈ نے 7.77% کے حساب سے حصہ داروں میں 7.7695 روپے فی یونٹ عارضی منافع کی منظوری دی۔ فنڈ کو JCR.VIS نے

A+(f) کا درجہ دیا۔

### یو بی ایل انکم آپرٹینیٹی فنڈ: (یو آئی او ایف)

مالی سال 2019 کے اختتام 30 جون 2019 پر فنڈ کو کل آمدنی 144.503 ملین روپے رہی۔ اس میں بینک بچت کھاتوں حکومتی سرمایہ کاری منصوبوں، سسکوک بانڈ اور حصص مارکیٹ میں سرمایہ کاری سے حاصل شدہ منافع / سود شامل ہے۔

26.422 ملین روپے کے انتظامی اخراجات کو منہا کرنے کے بعد فنڈ کو 118.081 کی خالص آمدنی ہوئی۔

فنڈ کے خالص اثاثے 833.26 ملین روپے اور فی یونٹ کی قدر 110.1983 روپے رہی۔

فنڈ سے 9.09% کے حساب سے 9.0898 روپے فی یونٹ عارضی منافع اپنے حصہ داروں میں تقسیم کیا۔

JCR -VIS درجہ A(f) قرار پایا۔

## یو بی ایل گروتھ اینڈ انکم فنڈ (یو جی آئی ایف)

مالی سال 2019 کے اختتام 30 جون 2019 کو فنڈ کی کل آمدنی 135.165 ملین روپے رہی۔ اس آمدنی کا بیشتر حصہ بینک بچت کھاتوں، حکومتی ضمانت شدہ سرمایہ کاری منصوبوں اور سکوک بانڈز سے حاصل ہونے والے منافع پر مشتمل ہے۔  
30.557 ملین روپے کے انتظامی اخراجات کو منہا کرنے کے بعد فنڈ کو 104.608 ملین روپے کی خالص آمدنی ہوئی۔ فنڈ کے خالص اثاثے 1734.789 ملین روپے رہے اور فی یونٹ کی قدر 85.0490 روپے رہی بورڈ نے 6.58% کے حساب سے فی یونٹ 6.5752 روپے عارضی منافع تقسیم کیا۔

JCR-VIS کے درجہ میں ترقی ہوئی اور یہ A(f) درجہ قرار پایا۔

## یو بی ایل اسٹاک ایڈوائس فنڈ (یو ایس ایف)

مالی سال 2019 کے اختتام 30 جون 2019 میں فنڈ کو مجموعی طور پر 884.85 ملین روپے کا خسارہ ہوا۔ (قدر زر میں اضافہ کی وجہ سے 1090.69 ملین روپے کا خسارہ)۔ گزشتہ مالی سال 2018 میں یہ خسارہ 610.36 ملین روپے تھا۔ جس میں قدر زر میں اضافہ کی وجہ سے 411.10 ملین روپے خسارہ شامل تھا۔ خسارے کی بڑی وجہ سرمایہ کاری یونٹوں کی فروخت کو گردانا جاتا ہے۔ 2015 میں یہ خسارہ 485.07 ملین روپے اور 2019 میں یہ خسارہ 159.57 ملین روپے رہا۔ ڈیویڈنڈ کی آمدنی جو 2018 میں 295.42 ملین روپے تھی وہ 2019 میں 313.49 ملین روپے رہی۔ فنڈ کے کل اثاثے 5397.66 ملین روپے اور فی یونٹ کی قدر 57.3600 روپے رہی۔  
فنڈ کو JCR-VIS نے درجہ نہیں دیا۔

## یو بی ایل ایسیٹ ایلو کیشن فنڈ (یو اے اے ایف)

مالی سال 2019 کے اختتام 30 جون 2019 میں فنڈ مجموعی طور پر 19.78 ملین روپے کی آمدنی ہوئی (اس میں زر قدر میں اضافہ کی وجہ سے ہونے والا 128.482 ملین روپے کا خسارہ شامل ہے)۔ فنڈ کی آمدنی کا بیشتر حصہ بینک بچت کھاتوں، معیادی سرمایہ کاری اسکیم، اور حکومتی ضمانتی سرمایہ کاری منصوبوں پر حاصل شدہ منافع کی صورت میں ہے۔ اس کے علاوہ ڈیویڈنڈ سے حاصل شدہ آمدنی جو کہ 57.650 ہے۔ اس میں شامل ہے انتظامی اخراجات کی کٹوتی کے بعد جو کہ 40.264 ملین روپے ہیں فنڈ کو 20.466 ملین روپے کا خالص خسارہ ہوا۔ فنڈ کے اثاثوں کی مالیت 1373.82 ملین روپے اور فی یونٹ کی قدر 132.2366 روپے رہی۔

## یو بی ایل ڈیڈ ویکٹیوٹڈ ایکویٹی فنڈ (یو ڈی ای ایف)

مالی سال 2019 کے اختتام 30 جون 2019 میں فنڈ کو مجموعی طور پر 23.74 ملین روپے کا خسارہ ہوا۔ جس میں زر قدر میں اضافے کی وجہ سے 29.29 ملین روپے کا خسارہ شامل ہے۔ فنڈ کی آمدنی بینک بچت کھاتوں اور ڈیویڈنڈ پر مشتمل ہے۔ 6.69 ملین روپے کے انتظامی اخراجات کو منہا کر کے فنڈ کو 30.43 ملین روپے کا خالص خسارہ ہوا۔ فنڈ کے خالص اثاثوں کی مالیت 181.58 ملین روپے اور فی یونٹ کی قدر 80.8948 روپے رہی۔

### یو بی ایل فائینینشل سیکٹر فنڈ (یو ایف ایس ایف)

مالی سال 2019 کے اختتام 30 جون 2019 میں فنڈ کو 81.303 ملین روپے کا خسارہ ہوا۔ فنڈ کی آمدنی بینک کھاتوں اور ڈیویڈنڈ کی آمدنی پر مشتمل ہے۔ 23.569 ملین روپے کے انتظامی اخراجات کو منہا کرنے کے بعد فنڈ کو 104.872 ملین روپے کا خالص خسارہ ہوا۔ فنڈ کے خالص اثاثوں کی مالیت 861.35 ملین روپے ہے۔ فنڈ کی فی یونٹ کی قدر 80.1577 روپے ہے۔

### یو بی ایل کپیٹل پروٹیکٹڈ فنڈ-III (یو سی پی ایف-III)

مالی سال 2019 کے اختتام 30 جون 2019 کو 15.007 ملین روپے کی مجموعی آمدنی ہوئی۔ فنڈ کی آمدنی بینک کھاتوں، معیادی سرمایہ کاری اور ڈیویڈنڈ پر مبنی ہے۔ 5.673 ملین روپے کے انتظامی اخراجات کو منہا کرنے کے بعد فنڈ کی خالص آمدنی فی یونٹ قدر 100.0366 روپے رہی۔ 3.14% کے حساب سے فی یونٹ 3.1412 روپے منافع تقسیم کیا گیا۔

### یو بی ایل فائینینشل پلاننگ فنڈ

### یو بی ایل ایکٹیو پرنسپل پر ریزرویشن پلان-I (یو اے پی پی پی-I)

مالی سال 2019 کے اختتام 30 جون 2019 کو مجموعی طور پر 4.86 ملین روپے کی آمدنی ہوئی۔ آمدنی کے ذرائع میں بینک کھاتے معیادی سرمایہ یونٹ کی فروخت سے حاصل شدہ منافع شامل ہیں۔ 1.07 ملین روپے کے انتظامی اخراجات کی کٹوتی کے بعد فنڈ کی خالص آمدنی 3.79 ملین روپے رہی۔ فنڈ کے خالص اثاثوں کی مالیت 168.75 ملین روپے رہی اور فی یونٹ کی قدر 103.1001 روپے رہی۔

### یو بی ایل فائینینشل پلاننگ فنڈ

### یو بی ایل ایکٹیو پرنسپل پر ریزرویشن پلان-II (یو اے پی پی پی-II)

مالی سال 2019 میں فنڈ کو کل آمدنی 12.81 ملین روپے ہوئی۔ آمدنی کے ذرائع میں بینک کھاتے، معیادی سرمایہ یونٹ کی فروخت سے حاصل شدہ منافع شامل ہیں۔ 2.98 ملین روپے کے انتظامی اخراجات کی کٹوتی کے بعد فنڈ کی خالص آمدنی 9.83 ملین روپے رہی۔ فنڈ کے اثاثوں کی مالیت 308.72 ملین روپے رہی اور فی یونٹ کی قدر 101.4723 روپے رہی۔ 2.15% کے حساب سے فی یونٹ منافع 2.1534 روپے رہی۔

## یو بی ایل فائینینشل پلاننگ فنڈ

### یو بی ایل ایکٹیو پرنسپل پریزرویشن پلان-III (یو اے پی پی پی-III)

24 اکتوبر 2018 تا 30 جون فنڈ مجموعی 1.60 ملین روپے رہی۔ آمدنی کے ذرائع بینک کھاتوں، معیادی سرمایہ کاری، سرمایہ کاری سے حاصل شدہ منافع ہیں۔ 0.54 ملین روپے کے انتظامی اخراجات منہا کرنے کے بعد فنڈ کی خالص آمدنی 1.06 ملین روپے رہی۔ مالی سال 2019 کے اختتام پر فنڈ کے اثاثوں کی مالیت 190.45 ملین روپے اور فی یونٹ کی قدر 100.3210 روپے رہی۔ 0.11% کے حساب سے 27 جون 2019 کو فی یونٹ 0.1127 روپے منافع حصہ داروں میں تقسیم ہوا۔

## یو بی ایل اسپیشل سیوننگ فنڈ

### یو بی ایل اسپیشل سیوننگ پلان-I (یو ایس ایس پی-I)

مالی سال 2019 کے اختتام پر فنڈ کی کل آمدنی 33.876 ملین روپے رہی۔ ذرائع آمدنی میں بینک کھاتوں اور معیادی سرمایہ کاری سے حاصل شدہ منافع شامل ہیں۔ 5.839 ملین روپے کے انتظامی اخراجات کو منہا کرنے کے بعد خالص آمدنی 28.037 ملین روپے رہی۔ فنڈ کے خالص اثاثوں کی مالیت 459.720 ملین روپے اور فی یونٹ قدر 97.6060 روپے رہی۔ 4.98% کے حساب سے 23 جون 2019 کو 4.9878 روپے فی یونٹ منافع تقسیم ہوا۔

## یو بی ایل اسپیشل سیوننگ فنڈ

### یو بی ایل اسپیشل سیوننگ پلان-II (یو ایس ایس پی-II)

مالی سال 2019 کے اختتام پر فنڈ کو مجموعی طور پر 33.428 ملین روپے کی آمدنی ہوئی۔ ذرائع آمدنی میں بینک کھاتوں اور معیادی سرمایہ کاری اسکیموں میں سرمایہ کاری سے حاصل شدہ منافع۔

4.48 ملین روپے کے انتظامی اخراجات کو منہا کرنے کے بعد فنڈ کو 28.948 ملین روپے کی خالص آمدنی ہوئی۔ فنڈ کے خالص اثاثوں کی مالیت 901.819 ملین روپے اور فی یونٹ قدر 97.4116 روپے رہی۔

بورڈ نے 3.99% کے حساب سے 3.9974 روپے فی یونٹ منافع تقسیم کیا۔

## یو بی ایل اسپیشل سیوننگ فنڈ

### یو بی ایل اسپیشل سیوننگ پلان-III (یو ایس ایس پی-III)

مالی سال 2019 کے اختتام پر فنڈ کو مجموعی طور پر 3.869 ملین روپے کی آمدنی ہوئی۔ آمدنی بینک کھاتوں اور معیادی سرمایہ کاری اسکیموں سے حاصل شدہ منافع پر مشتمل ہے۔ 0.503 ملین روپے کے انتظامی اخراجات منہا کرنے کے بعد فنڈ کی خالص آمدنی 3.366 ملین روپے رہی فنڈ کے خالص اثاثوں کی مالیت 264.825 ملین روپے اور فی یونٹ کی قدر 98.8607 روپے رہی۔  
1.65% کے حساب سے 1.6531 روپے فی یونٹ منافع تقسیم کیا گیا۔ یہ 27 جون 2019 کے اختتام تک تھا۔

## یو بی ایل اسپیشل سیوننگ فنڈ

### یو بی ایل اسپیشل سیوننگ پلان-IV (یو ایس ایس پی-IV)

30 جون 2019 کے اختتام پر فنڈ کی کل آمدنی 1.759 ملین روپے رہی آمدنی میں بینک اور معیادی سرمایہ کاری کی اسکیموں سے حاصل شدہ منافع شامل ہے۔ 0.222 ملین روپے کی انتظامی اخراجات کے بعد خالص آمدنی 1.537 ملین روپے رہی فنڈ کے خالص اثاثے 182.787 ملین روپے اور فی یونٹ قدر 99.6688 روپے رہی۔

27 جون 2019 کو 0.97% کے حساب سے فی یونٹ منافع 0.9757 روپے تقسیم ہوا۔

## فنڈ کا نظریہ، حکمت عملی اور جائزہ

اس کے لئے فنڈ مینجرز کی سالانہ رپورٹ کے متعلقہ قطعہ سے استفادہ فرمائیں۔

## ضابطہ عمل برائے کمپنی

یہ کمپنی ضابطہ عمل کے اعلیٰ معیار کو برقرار رکھنے کی پابند ہے اور بورڈ کے ڈائریکٹر حصہ داروں کو اعلیٰ ضابطہ عمل کے لئے جوابدہ ہیں۔ انتظامیہ ہمہ وقت ضابطہ عمل کے اعلیٰ قواعد کے تابع ہے خاص طور پر غیر افسران اعلیٰ کی آزادی سے متعلق فنڈز پاکستان حصص مارکیٹ کے قواعد و ضوابط کے مطابق کاروبار کرتے رہنے کی پابند ہے۔

ضابطہ عمل کی ضروریات کو پورا کرنے کے لئے واضح ہدایات موجود ہیں جو کہ مندرجہ ذیل ہیں۔

- مالیاتی دستاویز فنڈ کے معاملات، حکمت عملی کے نتائج زرفنڈ کی حرکت اور حصہ دار کے کھاتے میں رد و بدل کی مظہر ہوگئی۔

- فنڈز بھی کھاتے درست حالت میں رکھیں گے۔

- مالیاتی دستاویزات کی تیاری میں موزوں حساب کتاب کے ضابطوں سے استفادہ کیا جائے گا۔ اور حسابات کے تخمینے کی بنیاد پر منحصر ہوگی۔

- مالیاتی دستاویزات کی تیاری میں مندرجہ ذیل پاکستانی اور بین الاقوامی مالی قواعد و ضوابط، ضروریات اور ہدایات جاری کرنے والے اداروں سے مدد لی جائے گی۔

International Financial Reporting Standards, Non Banking Finance  
Companies (Establishment & Regulation) Rules 2003. Non Banking Finance  
Companies and Entities Regulation 2008, Trust Deed of SECP.

- فنڈ کا اندرونی کنٹرول موثر ہوگا اور ہمہ وقت نگرانی میں رہے گا۔

- فنڈز کے متحرک رہنے کی اہلیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں ماسوائے AIACTAP-V اور AIACTAP-VI جو کہ ان سطور پر نہیں تیار کئے گئے ہیں۔ اور وہ اس لئے کہ ان کی مدت تکمیل 14 اگست 2018 اور 20 نومبر 2018 کو ہوگئی ہے۔  
- حصص مارکیٹ کے قواعد و ضوابط سے ضابطہ ہیئت حاکمہ قطعاً انحراف نہیں کرے گی۔

- فنڈز کی کارکردگی کے جدول سالانہ رپورٹ میں موجود ہیں۔

- پراویڈنٹ فنڈ کی سرمایہ کاری سے متعلق دستاویز کا اطلاق فنڈز پر نہیں ہوگا۔ اس کا اطلاق انتظامی کمپنی پر ہوگا لہذا اس کے بارے میں ڈائریکٹرز رپورٹ خاموش ہوگی۔

۔ قانونی طور پر نافذ ٹیکس اور محصولات کی ادائیگی کی مالیت مالیاتی دستاویز کا حصہ ہوگی۔

## اہتمال ذیاں اور اسکا سدباب

فنڈ کی گرمیوں سے متعلق کسی قسم کے نقصان کے سدباب کے لئے ایک قابل بھروسہ نظام موجود ہے یہ نظام کسی متوقع نقصان کی شناخت، تشخیص اور اس کی روک تھام کے لئے بنایا گیا ہے۔

یو بی ایل فنڈ مینیجر لمیٹڈ کے 7 ڈائریکٹرز ہیں۔

۔ مرد ----- 5

۔ خواتین ----- 2

بورڈ مندرجہ ذیل اسامیوں پر مشتمل ہے۔

۔ آزاد ڈائریکٹر ----- 2

۔ ایگزیکٹو ڈائریکٹر ----- 1

۔ غیر ایگزیکٹو ڈائریکٹر ----- 4

بورڈ کی اولین ذمہ داری یہ ہے۔ کہ وہ کمپنی کے معاملات کی نگرانی کرے اور ان سے متعلق انتظامیہ کو ہدایات جاری کرے۔ انتظامیہ اس امر کی ذمہ دار ہے کہ وہ بورڈ کو کمپنی کے معاملات سے باخبر رکھے اور موثر طور پر ان ہدایات کا نفاذ کرے جو بورڈ کی جانب سے وقتاً فوقتاً جاری کی جائیں۔

بورڈ موثر کمپنی انتظام اور مضبوط داخلی کنٹرول کو استعمال کرتے ہوئے ہر اس طبقہ میں توازن رکھتا ہے جس کا مفاد اس فنڈ سے وابستہ ہے اس میں حصہ داران، کھاتے دار، گاہک، ملازمین اور وہ سماج جہاں تک اس کی دسترس ہے شامل ہیں۔ بورڈ جو بھی اقدامات کرتا ہے۔ اس میں ڈائریکٹر صاحبان کی آزادانہ رائے اور ہوش مندی شامل ہے۔ وہ ایسے فیصلے کرنے کے پابند ہوں گے کہ جو کمپنی کے مفادات کو اولین ترجیح دیں۔

اعلیٰ کمپنی انتظام کو ملحوظ خاطر رکھتے ہوئے بورڈ نے ادارے کے اندر بورڈ کمیٹیاں تشکیل دی ہیں جو کہ متوقع نقصان کی روک تھام، داخلی کنٹرول کا نظام کو بہتری کی طرف لے جانے کی کوشش کرتی ہیں۔ یہ کمیٹیاں بورڈ اور انتظامیہ کو ان کے دائرہ اختیار میں پیش آنے والے معاملات میں سہولت فراہم کرتی ہیں۔



بورڈ کی مندرجہ ذیل کمیٹیاں ہیں۔

**a** محاسب کمیٹی

(Chair-Independent)	Ms. Naz Khan	i.
	Mr. Imran Sarwar	ii.
	Ms. Sadia Saeed	iii.
	Mr. Tauqeer Mazhar	iv.

**b.** افرادی وسائل (HR) اور معاوضہ (Remuneration) کمیٹی

(Chairman-Independent)	Mr. Azhar Hameed	i.
	Ms. Naz Khan	ii.
	Syed Furrukh Zaeem	iii.
	Ms. Sadia Saeed	iv.
	Mr. Yasir Qadri	v.

**c.** خطرات انتظامی کمیٹی

(Chairman)	Mr. Imran Sarwar	i.
	Mr. Yasir Qadri	ii.
	Mr. Azhar Hameed	iii.
	Syed Furrukh Zaeem	iv.
	Mr. Tauqeer Mazhar	v.

ضابطہ کمپنی انتظام کی ضرورت کے پیش نظر فنڈ کے شراکت دار، ذمہ دار، اور متعلقہ پارٹیوں کی تفصیل ناموں کی ترتیب کے ساتھ مندرجہ ذیل جدول میں دی گئی ہے۔

**UBL LIQUIDITY PLUS FUND (ULPF)**

یوبی ایل لکویڈیٹی پلس فنڈ (یو ایل پی ایف)

NAME	CLOSING UNITS
Zeeshan Quddus	1,253
Yasir Qadri	125,700
Umair Ahmed	29
Syed Furrukh Zaeem	20,343
Interloop Holdings Pvt Ltd	9,675,507
Fauji Fertilizer Co. Limited	6,988,477
Engro Corporation Limited	7,735,488

#### UBL MONEY MARKET FUND (UMMF)

یو بی ایل منی مارکیٹ فنڈ: (یو ایم ایم ایف)

NAME	CLOSING UNITS
Zeeshan Quddus	1,741
Umair Ahmed	15,514
Syed Furrukh Zaeem	136,067
Ammar Valika	81,495
BULK MANAGEMENT (PAKISTAN) PRIVATE LTD.	3,979,118
UBL Active Principal Preservation Plan III	1,350,445
UBL Active Principal Preservation Plan II	1,206,745
UBL Active Principal Preservation Plan I	1,304,353

#### UBL GOVERNMENT SECURITIES FUND (UGSF)

یو بی ایل حکومتی ضمانت شدہ سرمایہ کاری فنڈ

NAME	CLOSING UNITS
Yasir Qadri	61,625
Amin Gulamani	1,032
Naiyar Zamani Gohar	3,986,784

### UNITED GROWTH & INCOME FUND (UGIF)

یو بی ایل گورنمنٹ سیکیورٹیز فنڈ: (یو جی ایس ایف)

NAME	CLOSING UNITS
Yasir Qadri	53,910
Amin Gulamani	1,406
UBL Fund Managers Limited	7,850,395
GREENSTAR SOCIAL MARKETING PAKISTAN (G) LTD	5,715,018

### UBL INCOME OPPORTUNITY FUND (UIOF)

یو بی ایل آمدنی مواقع فنڈ

NAME	CLOSING UNITS
Yasir Qadri	111,651
UBL Fund Managers Limited	4,765,128

### UBL STOCK ADVANTAGE FUND (USF)

یو بی ایل حصص منافع فنڈ

NAME	CLOSING UNITS
Amin Gulamani	2,723
Ammar Valika	90,865
Yasir Qadri	65,227
Zain Zeeshan	1,436
Zara Zeeshan	2,240
Zeeshan Quddus	50,192
UBL Fund Managers Limited - Employees Gratuity Fund	7,213
UBL Fund Managers Limited - Employees Provident Fund	8,524
UBL Fund Managers Limited	3,054,301
SINDH PROVINCE PENSION FUND	9,431,369
CDC TRUSTEE-PUNJAB PENSION FUND TRUST	11,096,316

#### UBL ASSET ALLOCATION FUND (UAAF)

یو بی ایل ایسیٹ ایلو کیشن فنڈ (یو اے اے ایف)

NAME	CLOSING UNITS
Amin Gulamani	16,259
RONAK IQBAL LAKHANI	1,095,456

#### UBL PRINCIPAL PROTECTED FUND -III (UCPF - III)

یو بی ایل محفوظ ذراصل سرمایہ فنڈ

NAME	CLOSING UNITS
UBL Employees' Gratuity Fund	189,454
UBL Employees' Provident Fund	1,570,425

#### UBL FINANCIAL SECTOR FUND (UFSF)

NAME	CLOSING UNITS
Zara Zeeshan	1,081
Zain Zeeshan	1,081
Yasir Qadri	25,467
Ammar Valika	39,429
UBL Employees' Gratuity Fund	185,653
UBL Employees' Provident Fund	993,587
UBL Fund Managers Limited - Employees Gratuity Fund	18,103
UBL Officer / Non- officer Benevolent Fund	71,052
UBL Staff General Provident Fund Trust	281,917
UBL Staff Pension Fund Trust	1,854,237
United Bank Limited	1,691,561
UBL Fund Managers Limited	1,496,402

### UBL DEDICATED EQUITY FUND (UDEF)

یو بی ایل ڈیڈیکٹڈ ایکویٹی فنڈ (یو ڈی ای ایف)

NAME	CLOSING UNITS
UBL Active Principal Preservation Plan III	671,331
UBL Active Principal Preservation Plan II	689,972
UBL Active Principal Preservation Plan I	455,644

### UBL FINANCIAL PLANNING FUND

UBL Active Principal Preservation Plan I (UAPPP - I)

یو بی ایل ایکٹیو پرنسپل پریزرویشن پلان-I (یو اے پی پی پی-I)

NAME	CLOSING UNITS
REHANA BASHIR	244,733
BAI VIRBAIJI SOPARIVALA PARSI HIGH SCHOOL	290,321

UBL FINANCIAL PLANNING FUND

UBL Active Principal Preservation Plan I (UAPPP-II)

یو بی ایل ایکٹیو پرنسپل پریزرویشن پلان-II (یو اے پی پی پی-II)

NAME	CLOSING UNITS
MULTILINE ENTERPRISES	635,127

UBL FINANCIAL PLANNING FUND

UBL Active Principal Preservation Plan I (UAPPP-III)

یو بی ایل ایکٹیو پرنسپل پریزرویشن پلان-III (یو اے پی پی پی-III)

NAME	CLOSING UNITS
ZIA UDDIN NAJAM	194,220
SYED MAZHAR IQBAL	196,939

UBL SPECIAL SAVING FUND

UBL SPECIAL SAVINGS PLAN -III (USSP - III)

یو بی ایل اسپیشل سیونگ پلان-III (یو ایس ایس پی-III)

NAME	CLOSING UNITS
ZIKRAM UL HAQ QURESHI	1,068,623

UBL SPECIAL SAVING FUND

UBL SPECIAL SAVINGS PLAN - IV (USSP - IV)

NAME	CLOSING UNITS
SAEEDA AZIZ	652,380
SONIA AMBREEN SHEIKH	203,759

فنانڈز کے ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور کمپنی سیکریٹری اور ان کے شرکاء زندگی کے نام رکھے ہوئے حصص میں کوئی تجارت نہیں ہوئی ماسوائے ان افراد کے جن کے نام مندرجہ ذیل جدول میں دیئے گئے ہیں۔

#### UBL LIQUIDITY PLUS FUND (ULPF)

یو بی ایل لکویڈیٹی پلس فنڈ (یو ایل پی ایف)

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Syed Furrukh Zaeem	Director	64	20,279	-	-	20,343
Yasir Qadri	Chief Executive Officer - CEO	141,584	17,399	33,283	-	125,700
Umair Ahmed	CFO & COO	8,475	16,076	24,522	-	29
Ammar Valika	Head of Sales	88,176	5,274	93,450	-	-
Zeeshan Quddus	Chief Business Development Officer	-	1,253	-	-	1,253
Midhat Fatima	Spouse of Chief Financial Officer	-	4,957	4,957	-	-

#### UBL MONEY MARKET FUND (UMMF)

یو بی ایل پیسہ مارکیٹ فنڈ

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Syed Furrukh Zaeem	Director	87	135,980	-	-	136,067
Zeeshan Quddus	Chief Business Development Officer	-	4,336	2,595	-	1,741
Umair Ahmed	CFO & COO	-	33,886	18,372	-	15,514
Ammar Valika	Head of Sales	-	130,230	48,735	-	81,495

### UBL GOVERNMENT SECURITIES FUND (UGSF)

یو بی ایل گورنمنٹ سیکیورٹیز فنڈ: (یو جی ایس ایف)

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Amin Gulamani	Head of HR	963	103	34	-	1,032
Yasir Qadri	Chief Executive Officer	-	61,625	-	-	61,625

### UNITED GROWTH & INCOME FUND (UGIF)

یو بی ایل گروتھ اینڈ انکم فنڈ: (یو جی آئی ایف)

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Yasir Qadri	CEO	2	143,955	90,047	-	53,910
Amin Gulamani	Head of HR	1,259	147	-	-	1,406
Umair Ahmed	CFO & COO	-	22,533	22,533	-	-
Ammar Valika	Head of Sales	-	73	73	-	-



Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Yasir Qadri	CEO	126,496	15,440	30,285	-	111,651

## UBL STOCK ADVANTAGE FUND (USF)

یو بی ایل اسٹاک ایڈوانٹیج فنڈ (یو ایس ایف)

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Zeeshan Quddus	Chief Business Development Officer	21,450	33,938	9,865	-	-
Ammar Valika	Head of Sales	85,986	4,879	-	-	-
Zara Zeeshan	Daughter of Chief Business Development Officer	-	5,725	3,485	-	-
Zain Zeeshan	Son of Chief Business Development Officer	-	5,725	4,288	-	-
Yasir Qadri	CEO	87,482	40,115	62,370	-	-
Amin Gulamani	Head of HR	2,665	58	-	-	-

**UBL ASSET ALLOCATION FUND (UAAF)**

یو بی ایل ایسیٹ ایلو کیشن فنڈ (یو اے اے ایف)

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Syed Furrukh Zaeem	Director	40,032	-	40,032	-	-
Umair Ahmed	CFO & COO	5,839	-	5,839	-	-
Amin Gulamani	Head of HR	10,395	5,864	-	-	16,259

**UBL FINANCIAL SECTOR FUND (UFSF)**

یو بی ایل فنانیشل سیکٹر فنڈ (یو ایف ایس ایف)

Name	Designation	Beginning Units	Units issued	Units redeemed	Bonus Units	Closing Units
Yasir Qadri	CEO	3,254	40,334	18,121	-	25,467
Umair Ahmed	CFO & COO	-	13,016	13,016	-	-
Ammar Valika	Head of Sales	10,434	39,428	10,433	-	39,429
Zeeshan Quddus	Chief Business Development Officer	-	1,632	1,632	-	-
Zara Zeeshan	Daughter of Chief Business Development Officer	-	1,081	-	-	1,081
Zain Zeeshan	Son of Chief Business Development Officer	-	1,081	-	-	1,081

## BOARD OF DIRECTORS (BOD) بورڈ کے ڈائریکٹران

مالی سال 2019 میں بورڈ کے ڈائریکٹرز 7 کے اجلاس ہوئے۔ شرکاء کی حاضری کا جدول مندرجہ ذیل ہے۔

Name of Director	Meetings Attended	28-Aug-18	26-Oct-18	8-Nov-18	11-Dec-18	27-Feb-19	29-Apr-19	6-May-19
Mr. Azhar Hamid	7	✓	✓	✓	✓	✓	✓	✓
Mirza Muhammad Sadeed Hassan Barlas*	1	✓	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Imran Sarwar**	4	N/A	N/A	✓	✓	x	✓	✓
Mr. Tauqeer Mazhar**	3	N/A	N/A	✓	✓	x	x	✓
Mr. Yasir Qadri	7	✓	✓	✓	✓	✓	✓	✓
Mr. Zia Ijaz*	0	x	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Sharjeel Shahid*	1	✓	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Naz Khan	7	✓	✓	✓	✓	✓	✓	✓
Ms. Sadia Saeed**	5	N/A	N/A	✓	✓	✓	✓	✓
Syed Furukh Zaem	6	✓	✓	✓	x	✓	✓	✓

Name of Key Executives								
S.M. Aly Osman	7	✓	✓	✓	✓	✓	✓	✓
Umair Ahmed	7	✓	✓	✓	✓	✓	✓	✓

\* Mr. Sharjeel Shahid اور Mr. Zia Ijaz, Mirza M. Sadeed Barlas 9 اکتوبر 2018 کو مستعفی ہوئے۔  
 \*\* Mr. Tauqeer, Ms. Sadia Saeed & Mr. Imran Sarwar 2 نومبر 2018 کو تعینات ہوئے۔

## BOARD AUDIT COMMITTEE (BAC) بورڈ محاسب کمیٹی

30 جون 2019ء کو ختم ہونے والے مالی سال 2019 کے دوران بورڈ کے 6 اجلاس ہوئے۔ ان کی تفصیل درج ذیل ہے۔

Members	27-Aug-18	3-Sep-18	25-Oct-18	26-Feb-19	19-Mar-19	29-Apr-19
Mr. Azhar Hamid**	N/A	N/A	✓	N/A	N/A	N/A
Mirza Muhammad Sadeed Hassan Barlas*	✓	✓	N/A	N/A	N/A	N/A
Mr. Imran Sarwar***	N/A	N/A	N/A	x	✓	✓
Mr. Tauqeer Mazhar***	N/A	N/A	N/A	x	✓	✓
Mr. Zia Ijaz*	x	x	N/A	N/A	N/A	N/A
Mr. Sharjeel Shahid*	✓	✓	N/A	N/A	N/A	N/A
Ms. Naz Khan	✓	✓	✓	✓	✓	✓
Ms. Sadia Saeed***	N/A	N/A	N/A	✓	x	✓
Syed Furukh Zaem**	N/A	N/A	x	N/A	N/A	N/A

S.M. Aly Osman	✓	✓	✓	✓	✓	✓
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓
Mr. Yasir Qadri****	-	-	✓	-	✓	-

\* Mr. Sharjeel Shahid اور Mr. Zia Ijaz, Mirza M. Sadeed Barlas 9 اکتوبر 2018 کو مستعفی ہوئے۔  
 \*\* بورڈ نے 10 اکتوبر 2018 کو کمیٹی کی از سر نو تشکیل کی۔  
 \*\*\* بورڈ نے 26 اکتوبر 2018 کو کمیٹی کی از سر نو تشکیل کی۔  
 \*\*\*\* دعوت خصوصی

## HUMAN RESOURCE COMPENSATION COMMITTEE (HRCC)

افرادى وسائل (HR) اور معاوضہ کمیٹی  
مالى سال 2019 کمیٹی کے 4 اجلاس ہوئے۔ تفصیلات مندرجہ ذیل ہیں۔

Attendees	37th BHRCC Meeting Held at 09-11-2018	38th BHRCC Meeting Held at 10-12-2018	39th BHRCC Meeting Held at 08-02-2019	40th BHRCC Meeting Held at 18-04-2019
Azhar Hamid	✓	✓	✓	✓
Naz Khan	✓	✓	✓	✓
Sadia Saeed	✓	✓	✓	✓
Syed Furrukh Zaeem	✓	X	✓	✓
Imran Sarwar *	✓	-	-	-
Tauqeer Mazhar *	✓	N/A	N/A	N/A
Yasir Qadri	✓	✓	✓	✓
Amin Gulamani	✓	✓	✓	✓

X غیر حاضر N/A ناقابل اطلاق \* خصوصی دعوت

#### RISK MANAGEMENT COMMITTEE

خطرات منتظم کمیٹی (BRCC)

مالى سال 2019 میں اس کمیٹی کے 4 اجلاس ہوئے۔ بورڈ ڈائریکٹرز کی حاضری کا جدول مندرجہ ذیل ہے۔

Attendees	28-Aug-18	25-Oct-18	26-Feb-19	6-May-19
MR. IMRAN SARWAR *	-	-	X	✓
MR..TAUQEER MAZHAR *	-	-	X	✓
MR. SADEED BARLAS **	✓	-	-	-
MR. SYED FURRUKH ZAEEM	✓	✓	✓	✓
MR. YASIR QADRI	✓	✓	✓	✓
MR. AZHAR HAMID	✓	✓	✓	✓
MR. SHAJEEL SHAHID ***	✓	-	-	-
MR. HADI HASSAN MUKHI	✓	✓	-	✓

✓ حاضر X غیر حاضر

Mr.Imran Sarwar بطور چیئرمین اور Mr.Tauqeer Mazhar کی بطور ممبر تعیناتی ہوئی۔ \*

Mr. Sadeed Barlas بورڈ سے مستعفی ہوئے۔ \*\*

Mr. Sharjeel Shahid بورڈ سے مستعفی ہوئے۔ \*\*\*

ضابطہ Corporate Governance کے تحت بورڈ کے 5 ڈائریکٹروں نے ڈائریکٹر تربیت پروگرام (DTP) مکمل کیا۔  
تمام ڈائریکٹرز فنڈ کے قوانین اور قواعد و ضوابط سے بدرجہ اتم آگاہ ہیں۔

فنڈز کی پالیسی اور شراکت داروں کے معاملات کے بارے میں اپنی اپنی ذمہ داری کا پورا احساس ہے۔

### محاسب AUDITORS

مندرجہ ذیل محاسب 30 جون 2019 کو سبکدوش ہو جائیں گے۔

نمبر شمار	فنڈ کا نام	آڈیٹرز کا نام 30 جون 2019 تک	حیثیت تعیناتی سال اختتام 30 جون 2019
1	UBL Capital Protected Fund - III	M/s BDO Ebrahim & Co., Chartered Accountants	دوبارہ تعیناتی کیلئے اہل
2	UBL Financial Sector Fund	M/s BDO Ebrahim & Co., Chartered Accountants	دوبارہ تعیناتی کیلئے اہل
3	UBL Government Securities Fund	M/s BDO Ebrahim & Co., Chartered Accountants	دوبارہ تعیناتی کیلئے اہل
4	UBL Liquidity Plus Fund	M/s BDO Ebrahim & Co., Chartered Accountants	مسلسل 5 سال تک Auditor رہنے کی وجہ سے دوبارہ تعیناتی کے لئے نا اہل
5	UBL Stock Advantage Fund	M/s Deloitte Yousuf Adil & Co., Chartered Accountants	مسلسل 5 سال تک Auditor رہنے کی وجہ سے دوبارہ تعیناتی کے لئے نا اہل
6	UBL Asset Allocation Fund	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	دوبارہ تعیناتی کیلئے اہل
7	UBL Dedicated Equity Fund	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	دوبارہ تعیناتی کیلئے اہل
8	UBL Financial Planning Fund	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	دوبارہ تعیناتی کیلئے اہل

دوبارہ تعیناتی کیلئے اہل	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	UBL Growth & Income Fund	9
دوبارہ تعیناتی کیلئے اہل	M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	UBL Income Opportunity Fund	10
دوبارہ تعیناتی کیلئے اہل	M/s KPMG Taseer Hadi & Co., Chartered Accountants	UBL Money Market Fund	11
دوبارہ تعیناتی کیلئے اہل	M/s KPMG Taseer Hadi & Co., Chartered Accountants	UBL Special Savings Fund	12

اظہار تشکر

ہم اپنے گرانقدر یونٹ ہولڈرز کا یو بی ایل فنڈ مینجرز لمیٹڈ پر ان کے اعتماد اور یقین کیلئے شکریہ ادا کرتے ہیں۔ اس کے علاوہ ہم سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (ٹرسٹی) کا ان کی مسلسل اعانت، رہنمائی اور تعاون پر شکریہ ادا کرنا چاہیں گے۔ بورڈ اس موقع کو غنیمت جانتے ہوئے اپنے تمام ملازمین کا بھی ان کی لگن، عزم، جذبے اور محنت شاقہ کے لئے اعتراف کے ساتھ دل سے شکر گزار ہے۔

یا سر قادی

چیف ایگزیکٹو

کراچی۔ 30 اگست 2019

# ULPF

## UBL Liquidity Plus Fund

### INVESTMENT OBJECTIVE

ULPF is an open-end Money Market Fund, investing in a diversified portfolio of low risk assets. The Fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.

<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>	United Bank Limited Bank Alfalah Limited MCB Bank Limited Faysal Bank Limited Samba Bank Limited Allied Bank Limited Habib Bank Limited Sindh Bank Limited Zarai Taraqiati Bank Ltd Habib Metropolitan Bank Limited Askari Bank Limited National Bank Of Pakistan Meezan Bank Limited
<b>Management Co.Rating</b>	AM1 (JCR-VIS)
<b>Fund Rating</b>	AA(f) (JCR-VIS)

## Fund Manager's Report – UBL Liquidity Plus Fund (ULPF)

- i) **Description of the Collective Investment Scheme category and type**  
Money Market / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**  
ULPF is an open-end Money Market Fund, investing in a diversified portfolio of low risk assets. The Fund seeks to provide attractive daily returns while maintaining comparatively high liquidity.
- 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**  
70% Average of 3M PKRV rates + 30% 3M average deposit rate of three 3 AA rated scheduled Banks as selected by MUFAP
- 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
ULPF	6.71%	6.87%	6.65%	7.85%	7.36%	9.13%	9.92%	9.94%	9.68%	10.19%	7.55%	12.39%	8.66%
Benchmark	6.30%	6.66%	6.89%	7.50%	7.97%	8.83%	8.99%	9.27%	9.76%	10.11%	10.77%	11.66%	8.72%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**
- vii) ULPF yielded return of 8.66% p.a. during FY19 as compared to benchmark return of 8.72%. Major exposure was maintained in cash at the end of Jun19 to take advantage of attractive rates on offer. The net assets of the fund were PKR 6.837mn at the end of FY19. The Asset allocation was made as such to ensure high liquidity is kept intact. The weighted average maturity of the fund was 16.12 days at the end of FY19.
- viii) **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	11%	0%
Placements with DFIs	0%	12%
Placements with NBFCs	0%	0%
Reverse Repo	0%	0%
T-Bills	0%	0%
PIBs	0%	0%
Cash	89%	86%
Others	0%	2%
Leverage	Nil	Nil



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

FY'19 Return:	8.66%
Standard Deviation (12m trailing):	0.13%
Sharpe Ratio (12m trailing):	(8.84)

x) **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		%
6,837,326	14,454,210	(52.70)	100.7804	106.2344	(5.13)

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

**Debt Market Review 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.

xii) **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 -----		
02-Jul-18	-	755,457	5.5510	106.2344	100.6834
15-Jul-18	-	38,346	0.2669	100.9503	100.6834
29-Jul-18	-	40,590	0.2539	100.9373	100.6834
12-Aug-18	-	37,254	0.2629	100.9463	100.6834
26-Aug-18	-	34,502	0.2502	100.9336	100.6834
09-Sep-18	-	35,221	0.2500	100.9334	100.6834
23-Sep-18	-	33,606	0.2461	100.9295	100.6834
07-Oct-18	-	37,265	0.2691	100.9525	100.6834
21-Oct-18	-	38,648	0.2955	100.9789	100.6834
04-Nov-18	-	38,923	0.2938	100.9772	100.6834
18-Nov-18	-	38,469	0.2732	100.9566	100.6834
02-Dec-18	-	35,604	0.2746	100.9580	100.6834
16-Dec-18	-	35,517	0.3109	100.9943	100.6834
30-Dec-18	-	37,935	0.3683	101.0517	100.6834
13-Jan-19	-	31,730	0.3675	101.0509	100.6834
27-Jan-19	-	39,517	0.3707	101.0541	100.6834
10-Feb-19	-	43,260	0.3531	101.0365	100.6834
24-Feb-19	-	46,378	0.3686	101.0520	100.6834
10-Mar-19	-	42,142	0.3323	101.0157	100.6834
24-Mar-19	-	45,152	0.3785	101.0619	100.6834
07-Apr-19	-	39,100	0.3797	101.0631	100.6834
21-Apr-19	-	37,880	0.3686	101.0520	100.6834
05-May-19	-	45,029	0.3775	101.0609	100.6834
19-May-19	-	23,729	0.2497	100.9331	100.6834
09-Jun-19	-	32,672	0.5288	101.2122	100.6834
27-Jun-19	-	39,326	0.5858	101.2692	100.6834

- xiii) **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.

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

Range of Units	Number of Investors
	ULPF
0.0001 - 9,999.9999	5,463
10,000.0000 - 49,999.9999	332
50,000.0000 - 99,999.9999	48
100,000.0000 - 499,999.9999	44
500,000.0000 & Above	16
<b>Total</b>	<b>5,903</b>

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

There were no unit splits during the period.

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

Investment are subject to market risk.

- xvii) **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 Liquidity Plus Fund**

	2019	2018	2017
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>6,837,326</b>	14,454,210	4,082,243
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees</b>			
Class C units - Offer	<b>100.7804</b>	106.2344	100.6834
- Redemption	<b>100.7804</b>	106.2344	100.6834
<b>RETURN OF THE FUND - %</b>			
Total Return of the Fund	<b>8.66</b>	5.51	6.22
Capital Growth (per unit)	<b>0.87</b>	5.51	0.17
Date of Income Distribution		-	19-Jun-17
Income Distribution	<b>8.2762</b>	-	6.08
Date of Income Distribution	<b>2-Jul-18</b>	-	-
Income Distribution	<b>5.551</b>	-	-
<b>AVERAGE ANNUAL RETURN - %</b>			
One Year	<b>8.66</b>	5.51	6.22
Second Year	<b>7.09</b>	5.87	5.88
Third Year	<b>6.80</b>	5.75	6.76
Forth Year	<b>6.48</b>	6.45	7.07
Fifth Year	<b>6.89</b>	6.76	7.45
Since Inception	<b>8.60</b>	8.60	8.91
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees</b>			
Highest price per unit - Class C units - Offer	<b>101.2361</b>	106.2344	106.5799
Highest price per unit - Class C units - Redemption	<b>101.2361</b>	106.2344	106.5799
Lowest price per unit - Class C units - Offer	<b>100.6682</b>	100.7136	100.5240
Lowest price per unit - Class C units - Redemption	<b>100.6682</b>	100.7136	100.5240
<b>PORTFOLIO COMPOSITION - %</b>			
Percentage of Net Assets as at 30 June			
<b>PORTFOLIO COMPOSITION BY CATEGORY - %</b>			
Bank Balances	<b>86</b>	89	98.00
Placement with Banks/DFIs	<b>12</b>	11	-
Government securities	-	-	-
Other	<b>2</b>	-	2.00
<b>PORTFOLIO COMPOSITION BY MARKET - %</b>			
Debt market	<b>100</b>	100.00	100.00

Note:

- The Launch date of Fund is 21 June 2009.

**DISCLAIMER**

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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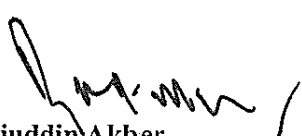
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL LIQUIDITY PLUS 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 Liquidity Plus 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 Liquidity Plus 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 Liquidity Plus 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**

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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.

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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 LIQUIDITY PLUS 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 Liquidity Plus 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 Liquidity Plus 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>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>



S.No.	Key audit matter(s)	How the matter was addressed in our audit
3	<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 27% 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>

#### 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 LIQUIDITY PLUS FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2019**

	Note	2019 ----- (Rupees in '000) -----	2018
<b>ASSETS</b>			
Bank balances	5	5,986,231	12,991,421
Placements and Term Deposit Receipts	6	850,000	1,580,000
Investments	7	-	-
Mark-up / interest receivable	8	66,745	18,914
Deposits, prepayments and other receivable	9	47,904	15,770
Advance tax	10	1,994	2,482
<b>TOTAL ASSETS</b>		<b>6,952,874</b>	<b>14,608,587</b>
<b>LIABILITIES</b>			
Payable to UBL Fund Managers Limited - Management Company	11	6,449	10,922
Payable to Central Depository Company of Pakistan Limited - Trustee	12	548	1,185
Payable to Securities and Exchange Commission of Pakistan	13	8,912	7,080
Accrued expenses and other liabilities	14	99,639	135,190
<b>TOTAL LIABILITIES</b>		<b>115,548</b>	<b>154,377</b>
<b>NET ASSETS</b>		<b>6,837,326</b>	<b>14,454,210</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>6,837,326</b>	<b>14,454,210</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>	16	<b>67,843,773</b>	<b>136,059,656</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>100.7804</b>	<b>106.2344</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 LIQUIDITY PLUS FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>INCOME</b>			
Financial income	17	1,138,130	603,476
Capital loss on sale of investments - net		(39,952)	(3,398)
Other income		729	675
<b>Total income</b>		<b>1,098,907</b>	<b>600,753</b>
<b>EXPENSES</b>			
Remuneration of UBL Fund Managers Limited - Management Company	11.1	83,237	48,597
Sindh Sales Tax on Management Company's remuneration	11.2	10,821	6,318
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12.1	10,528	8,567
Annual fee of Securities and Exchange Commission of Pakistan	13.1	8,912	7,081
Bank charges		692	845
Auditors' remuneration	18	806	738
Brokerage and settlement expenses		2,538	729
Allocated expenses	19	6,443	8,596
Fees and subscription charges		266	266
Listing fee		28	27
Legal and professional charges		208	152
Printing expenses		11	21
Other expenses		9	21
<b>Total operating expenses</b>		<b>124,499</b>	<b>81,958</b>
<b>Net income from operating activities</b>		<b>974,408</b>	<b>518,795</b>
Provision for Sindh Workers' Welfare Fund	14.2	(19,111)	(10,179)
<b>Net income for the year before taxation</b>		<b>955,297</b>	<b>508,616</b>
Taxation	20	-	-
<b>Net income for the year after taxation</b>		<b>955,297</b>	<b>508,616</b>
<b>Allocation of net income for the year</b>			
Income already paid on units redeemed		(18,407)	(254,922)
<b>Net income for the year available for distribution</b>		<b>936,890</b>	<b>253,694</b>
Relating to capital gains		-	-
Excluding capital gains		936,890	253,694
		<b>936,890</b>	<b>253,694</b>
Earnings per unit	21		

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 LIQUIDITY PLUS FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	----- (Rupees in '000) -----	
Net income for the year after taxation	955,297	508,616
Other comprehensive income		
Items that may be reclassified subsequently to income statement	-	-
Items that will not be reclassified subsequently to income statement	-	-
Total comprehensive income for the year	<u>955,297</u>	<u>508,616</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 LIQUIDITY PLUS FUND**  
**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	955,297	508,616
<b>Adjustments for:</b>		
Financial income	(1,138,859)	(604,151)
Capital loss on sale of investments - net	39,952	3,398
Provision for Sindh Workers' Welfare Fund	19,111	10,179
	(1,079,796)	(590,574)
<b>Cash used in operations before working capital changes</b>	(124,499)	(81,958)
<b>Working capital changes</b>		
<b>(Increase) / decrease in assets</b>		
Investments - net	(39,952)	(3,398)
Placements and Term Deposit Receipts	(500,000)	-
Deposits, prepayments and other receivables	(32,134)	38,627
Advance tax	488	(538)
	(571,598)	34,691
<b>(Decrease) / increase in liabilities</b>		
Payable to UBL Fund Managers Limited - Management Company	(4,473)	8,246
Payable to Central Depository Company of Pakistan Limited - Trustee	(637)	865
Annual fee payable to Securities and Exchange Commission of Pakistan	1,832	4,590
Accrued expenses and other liabilities	(54,662)	(44,889)
	(57,940)	(31,188)
Profit received	1,091,028	606,680
Net cash generated from operating activities	336,991	528,225
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	29,823,803	37,438,819
Payment against redemption of units	(36,692,732)	(27,575,468)
Dividend paid	(1,703,252)	-
Net cash (used in) / generated from financing activities	(8,572,181)	9,863,351
Net (decrease) / increase in cash and cash equivalents during the year	(8,235,190)	10,391,576
Cash and cash equivalents at the beginning of the year	14,571,421	4,179,845
Cash and cash equivalents at the end of the year	6,336,231	14,571,421
Bank balances	5,986,231	12,991,421
Letter of placements / Term Deposit Receipts	350,000	1,580,000
	6,336,231	14,571,421

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 LIQUIDITY PLUS FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019			2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Note	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	14,120,429	333,781	14,454,210	4,002,156	80,087	4,082,243
Issuance of 295,813,917 units (2018: 359,901,975 units)						
Capital value of units	29,783,551	-	29,783,551	36,236,154	-	36,236,154
Element of income during the year						
Due to net income earned	40,252	-	40,252	1,202,665	-	1,202,665
<b>Total proceeds on issuance of units</b>	<b>29,823,803</b>		<b>29,823,803</b>	<b>37,438,819</b>		<b>37,438,819</b>
Redemption of 364,029,800 units (2018: 264,387,648 units)						
Capital value of units	(36,651,758)	-	(36,651,758)	(26,619,448)	-	(26,619,448)
Element of loss during the year						
Due to net income earned	(22,567)	(18,407)	(40,974)	(701,098)	(254,922)	(956,020)
<b>Total payments on redemption of units</b>	<b>(36,674,325)</b>	<b>(18,407)</b>	<b>(36,692,732)</b>	<b>(27,320,546)</b>	<b>(254,922)</b>	<b>(27,575,468)</b>
Total comprehensive income for the year	-	955,297	955,297	-	508,616	508,616
<b>Annual distribution:</b>						
Rs. 5.5510 per unit declared on July 02, 2018 as cash dividend	(501,698)	(253,759)	(755,457)	-	-	-
<b>Interim distributions:</b>						
Re. 0.2669 per unit declared on July 15, 2018 as cash dividend	(4,803)	(33,543)	(38,346)	-	-	-
Re. 0.2539 per unit declared on July 29, 2018 as cash dividend	(3,678)	(36,912)	(40,590)	-	-	-
Re. 0.2629 per unit declared on August 12, 2018 as cash dividend	(364)	(36,890)	(37,254)	-	-	-
Re. 0.2502 per unit declared on August 26, 2018 as cash dividend	(192)	(34,310)	(34,502)	-	-	-
Re. 0.2500 per unit declared on September 09, 2018 as cash dividend	(481)	(34,740)	(35,221)	-	-	-
Re. 0.2461 per unit declared on September 23, 2018 as cash dividend	(216)	(33,390)	(33,606)	-	-	-
Re. 0.2691 per unit declared on October 07, 2018 as cash dividend	(2,975)	(34,290)	(37,265)	-	-	-
Re. 0.2955 per unit declared on October 21, 2018 as cash dividend	(333)	(38,315)	(38,648)	-	-	-
Re. 0.2938 per unit declared on November 04, 2018 as cash dividend	(2,086)	(36,837)	(38,923)	-	-	-
Re. 0.2732 per unit declared on November 18, 2018 as cash dividend	(916)	(37,553)	(38,469)	-	-	-
Re. 0.2746 per unit declared on December 02, 2018 as cash dividend	(127)	(35,477)	(35,604)	-	-	-
Re. 0.3109 per unit declared on December 16, 2018 as cash dividend	(350)	(35,167)	(35,517)	-	-	-
Re. 0.3683 per unit declared on December 30, 2018 as cash dividend	(1,271)	(36,664)	(37,935)	-	-	-
Re. 0.3675 per unit declared on January 13, 2019 as cash dividend	(1,660)	(30,070)	(31,730)	-	-	-
Re. 0.3707 per unit declared on January 27, 2019 as cash dividend	(2,713)	(36,804)	(39,517)	-	-	-
Re. 0.3531 per unit declared on February 10, 2019 as cash dividend	(3,524)	(39,736)	(43,260)	-	-	-
Re. 0.3686 per unit declared on February 24, 2019 as cash dividend	(979)	(45,399)	(46,378)	-	-	-
Re. 0.3323 per unit declared on March 10, 2019 as cash dividend	(594)	(41,548)	(42,142)	-	-	-
Re. 0.3785 per unit declared on March 24, 2019 as cash dividend	(292)	(44,860)	(45,152)	-	-	-
Re. 0.3797 per unit declared on April 07, 2019 as cash dividend	(316)	(38,784)	(39,100)	-	-	-
Re. 0.3686 per unit declared on April 21, 2019 as cash dividend	(656)	(37,224)	(37,880)	-	-	-
Re. 0.3775 per unit declared on May 05, 2019 as cash dividend	(6,868)	(38,161)	(45,029)	-	-	-
Re. 0.2497 per unit declared on May 19, 2019 as cash dividend	(169)	(23,560)	(23,729)	-	-	-
Re. 0.5288 per unit declared on June 03, 2019 as cash dividend	(248)	(32,424)	(32,672)	-	-	-
Re. 0.5858 per unit declared on June 27, 2019 as cash dividend	(1,016)	(38,310)	(39,326)	-	-	-
<b>Net income for the year less distribution</b>	<b>(538,525)</b>	<b>(209,430)</b>	<b>(747,955)</b>		<b>508,616</b>	<b>508,616</b>
<b>Net assets at the end of the year</b>	<b>6,731,382</b>	<b>105,945</b>	<b>6,837,326</b>	<b>14,120,429</b>	<b>333,781</b>	<b>14,454,210</b>
Undistributed income brought forward comprises of:						
Realised gain		333,781	333,781		80,087	80,087
Unrealised gain		-	-		-	-
Total undistributed income brought forward		333,781	333,781		80,087	80,087
<b>Income available for distribution:</b>						
Relating to capital gains		-	-		-	-
Excluding capital gains		936,890	936,890		253,694	253,694
		936,890	936,890		253,694	253,694
<b>Distributions during the year:</b>						
Annual distribution at Rs. 5.5510 per unit declared on July 02, 2018 as cash dividend		(253,759)	(253,759)		-	-
Interim distributions during the year ended June 30, 2019		(910,968)	(910,968)		-	-
		(1,164,727)	(1,164,727)		-	-
<b>Undistributed income carried forward</b>		<b>105,945</b>	<b>105,945</b>		<b>333,781</b>	<b>333,781</b>
<b>Undistributed income carried forward comprises of:</b>						
Realised gain		105,945	105,945		333,781	333,781
Unrealised gain		-	-		-	-
<b>Total undistributed income carried forward</b>		<b>105,945</b>	<b>105,945</b>		<b>333,781</b>	<b>333,781</b>
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			106,2344			100,6834
Net assets value per unit at the end of the year			100,7804			106,2344

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 LIQUIDITY PLUS 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 Liquidity Plus Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-ended mutual fund. It was constituted under the Trust Deed dated May 07, 2009 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 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 money market scheme and units of the Fund are listed on the Pakistan Stock Exchange. 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 money market scheme in accordance with Circular No. 7 of 2009 issued by the SECP and it commences its operations on June 21, 2009.
- 1.4 The principal activity of the Fund is to seek and provide attractive daily returns while maintaining comparatively high liquidity by investing in diversified portfolio of low risk assets.
- 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 has assigned an asset manager quality rating of 'AM1' (stable outlook) to the Management Company as on December 27, 2018 and a stability rating of "AA (f)" to the Fund as on 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, the provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984 and 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 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 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 4.7 and 20 to these financial statements.

## **Workers' Welfare Fund**

For details please refer note 14.2 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	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	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	July 01, 2018



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

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

The Fund has adopted the standard / 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	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	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

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

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

### **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	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
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of	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	January 01, 2019

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

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
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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 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 income statement.
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<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 income statement.
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<b>Debt investments at FVOCI</b>	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 income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
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<b>Equity investments at FVOCI</b>	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.
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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) -----	
Financial assets					
Bank balances - Saving Accounts	(a)	Loans and receivables	Amortised cost	12,991,421	12,991,421
Term Deposit Receipts (TDRs)	(a)	Loans and receivables	Amortised cost	1,580,000	1,580,000
Mark-up / interest receivable	(a)	Loans and receivables	Amortised cost	18,914	18,914
Deposits and other receivable	(a)	Loans and receivables	Amortised cost	15,531	15,531
				14,605,866	14,605,866

- (a) These financial assets classified as 'loans and receivables' have been classified as amortised

#### 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.

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.

#### **4.2.1.4 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.

#### **4.2.2 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 Securities under repurchase / resale agreements**

Transactions of purchase under resale (reverse-repo) of marketable and Government securities, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement on a time proportionate basis.

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



#### **4.7 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.

#### **4.8 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 year end.

#### 4.12 Revenue recognition

- Gains / (losses) arising on sale of investments is accounted for in the year 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.
- Unrealised (loss) / gain on revaluation of investments classified as financial assets at fair value through other comprehensive income is included in the equity through other comprehensive income in the year in which it arises.
- Income on reverse repurchase lending arrangements, certificates of investment, placements, Government securities and investments in debt securities is recognised at rate of return implicit in the instrument / arrangement on a time
- Profit 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 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 provisions of NBFC Regulations and the Trust Deed respectively.

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

### 5 BANK BALANCES

Cash at bank

In current accounts

In savings accounts

4	4
5.1	
5,986,227	12,991,417
<u>5,986,231</u>	<u>12,991,421</u>

- 5.1 Profit rates on these savings accounts range between 4.00% to 13.40% per annum (June 30, 2018: 3.75% to 6.60% per annum). This includes an amount of Rs. 29.27 million (June 30, 2018: Rs. 32.157 million) held by a related party (United Bank Limited) on which return is earned at 4.5% (June 30, 2018: 4.00%) per annum.

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

## 6 PLACEMENTS AND TERM DEPOSIT RECEIPTS

Opening balance		1,580,000	-
Acquired during the year		50,633,000	14,416,000
Matured during the year	6.1 & 6.2	<u>(51,363,000)</u>	<u>(12,836,000)</u>
Closing balance	6.3	<u>850,000</u>	<u>1,580,000</u>

- 6.1 Term Deposit Receipts having face value of Rs. 2,250 million carrying interest rate ranging from 10.75% to 11% were acquired and matured during the year.
- 6.2 Letter of Placements having face value of Rs. 47,533 million carrying interest rates ranging from 7.70% to 14% were acquired and matured during the year.
- 6.3 This consists of Letter of Placements having face value of Rs. 350.000 million and Rs. 500.000 million, carries interest at the rate of 13.5% and 14.0% per annum, respectively, and will mature on August 01, 2019 and January 02, 2020 respectively.

## 7 INVESTMENTS

- 7.1 Government Securities classified as financial asset at fair value through profit or loss (June 30, 2018: Government Securities designated at fair value through profit or loss).

Name of security	At the beginning of the year	Acquired during the year	Sold / matured during the year	At the end of the year	Market value as at June 30, 2019	Market value as at June 30, 2018	Percentage of investment
		No. of holdings					
					(Rupees in '000)		
<b>Market Treasury Bills *</b>							
T bills 3 months	-	1,135,010	1,135,010	-	-	-	0%
	-	1,135,010	1,135,010	-	-	-	0%

\* These T-bills had a nominal value of Rs 100,000 each.

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

## 8 MARK-UP / INTEREST RECEIVABLE

Markup / interest receivable on:

Savings accounts	63,648	15,414
Letter of placements / Term deposit receipts	<u>3,097</u>	<u>3,500</u>
	<u>66,745</u>	<u>18,914</u>

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

**9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE**

Deposit for CDS account	100	100
Prepaid rating fees	244	239
Other receivables	57	36
Receivable against issuance of units	47,503	15,395
	<u>47,904</u>	<u>15,770</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, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular “C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R” dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 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.

**11 PAYABLE TO UBL FUND MANAGERS LIMITED  
 - MANAGEMENT COMPANY**

Remuneration payable (including Sindh Sales tax)	11.1	6,314	7,952
Conversion charges payable		118	96
Allocated expense payable	19	-	2,874
Others		17	-
		<u>6,449</u>	<u>10,922</u>

11.1 As per NBFC Regulations, the Management Company is entitled to remuneration of an amount not exceeding 1% of average annual net assets of the Fund. The Management Company has charged remuneration at the rate of 7.5% of the gross earnings of the Fund calculated on a daily basis subject to minimum of 0.25% and maximum of 1% of the average daily net assets.

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.

		2019	2018
	Note	----- (Rupees in '000) -----	
<b>12</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Trustee fee payable (including Sindh Sales tax)	12.1 & 12.2	548
			1,185
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 structure applicable to the Fund in respect of the Trustee fee during the year ended June 30, 2019 is as follows:		
	Up to Rs. 1,000 million	0.15% p.a. of NAV	
	Rs. 1,000 million to Rs. 10,000 million	Rs. 1.5 million plus 0.075% p.a. of NAV exceeding Rs. 1,000 million	
	Exceeding Rs. 10,000 million	Rs. 8.25 million plus 0.06% p.a. of NAV exceeding Rs. 10,000 million	
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>13</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
	Annual fee payable	13.1	8,912
			7,080
13.1	Under the provisions of NBFC Regulations, a collective investment scheme classified as money market 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>14</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration payable	530	469
	Brokerage expense payable	1,112	219
	Payable against legal charges	61	11

		2019	2018
	Note	----- (Rupees in '000) -----	
Capital gains tax payable		520	15,999
Zakat deducted at source payable		1,263	715
Payable against redemption of units		-	48,565
Withholding tax payable		5,154	-
Provision for indirect duties and taxes	14.1	55,390	55,390
Provision for Sindh Workers' Welfare Fund	14.2	32,932	13,822
Dividend payable		2,652	-
Other payable		25	-
		<u>99,639</u>	<u>135,190</u>

- 14.1 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was applied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Honorable High Court of Sindh (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED upto June 30,

On June 30, 2016, the Honorable Sindh High Court of Pakistan had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 55.390 million until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at June 30, 2019 would have been higher by Re. 0.8164 per unit (June 30, 2018: Rs. 0.4071 per unit).

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Therefore, provision for FED has not been recorded in these financial statements from July 01, 2016 onwards.

- 14.2 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher.

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

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (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 Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters and based on such legal advice which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited, has recommended to all its members on January 12, 2017 the following:

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

The above decisions were 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 in the financial statements of Mutual Funds. Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017.

Had the provision against SWWF not been made, the net assets value per unit would have been higher by Re. 0.4854 per unit (2018: Rs. 0.1016 per unit).

**15 CONTINGENCIES AND COMMITMENTS**

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

**16 NUMBER OF UNITS IN ISSUE**

	2019	2018
	----- (Number of units) -----	
Total units in issue at the beginning of the year	136,059,656	40,545,329
Add: Units issued	295,813,917	359,901,975
Less: Units redeemed	(364,029,800)	(264,387,648)
Total units in issue at the end of the year	<u>67,843,773</u>	<u>136,059,656</u>
	----- (Rupees in '000) -----	

**17 FINANCIAL INCOME**

Markup / interest income on:		
Bank balances	424,427	281,275
Placements and term deposit receipts	200,555	72,300
Market Treasury Bills	513,148	249,901
	<u>1,138,130</u>	<u>603,476</u>

**18 AUDITORS' REMUNERATION**

Annual audit fee	369	348
Fee for half yearly review	173	163
Fee for review of compliance with the requirements of the Code of Corporate Governance	43	43
Fee for other certifications / services	46	43
Out of pocket expenses and sales tax	175	141
	<u>806</u>	<u>738</u>

**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 30, 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 charged allocated expenses till December 18, 2018.



## 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. 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.

## 21 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.

## 22 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by Securities and Exchange Commission of Pakistan, the Total Expense Ratio of the Fund is 1.21% as on June 30, 2019 which includes 0.34% representing Government Levy, Worker's 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 as at 'Amortised cost'. 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		
	Amortised Cost	Financial assets 'at fair value through profit or loss'	Total
Rupees in '000			
<b>Financial assets</b>			
Bank balances	5,986,231	-	5,986,231
Letter of placements	850,000	-	850,000
Mark-up / interest receivable	66,745	-	66,745
Deposits and other receivable	47,660	-	47,660
	<u>6,950,636</u>	<u>-</u>	<u>6,950,636</u>

Particulars	As at June 30, 2019		
	Financial liabilities 'at fair value through profit or loss'	Financial liabilities at 'amortised cost'	Total
Rupees in '000			
<b>Financial liabilities</b>			
Payable to UBL Fund Managers Limited - Management Company	-	5,723	5,723
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	485	485
Accrued expenses and other liabilities	-	4,380	4,380
	<u>-</u>	<u>10,588</u>	<u>10,588</u>

Particulars	As at June 30, 2018		
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
Rupees in '000			
<b>Financial assets</b>			
Bank balances	12,991,421	-	12,991,421
Term deposit receipts	1,580,000	-	1,580,000
Mark-up / interest receivable	18,914	-	18,914
Deposits and other receivable	15,495	-	15,495
	<u>14,605,830</u>	<u>-</u>	<u>14,605,830</u>

Particulars	As at June 30, 2018		
	Financial liabilities 'at fair value through profit or	Other financial liabilities	Total
Rupees in '000			
<b>Financial liabilities</b>			
Payable to UBL Fund Managers Limited - Management Company	-	10,007	10,007
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	1,049	1,049
Accrued expenses and other liabilities	-	49,264	49,264
	<u>-</u>	<u>60,320</u>	<u>60,320</u>

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

June 30, 2019 (Percentage)		
1	Continental Exchange (Private) Limited	31.6%
2	Bright Capital (Private) Limited	11.5%
3	Invest One Markets Limited	9.2%
4	Vector Capital (Private) Limited	8.9%
5	Pearl Securities Limited	7.4%
6	Icon Securities (Private) Limited	5.3%
7	BIPL Securities Limited (Formerly KASB Securities Limited)	4.5%
8	Paramount Capital (Private) Limited	4.5%
9	Magenta Capital (Private) Limited	4.0%
10	C&M Management (Private) Limited	4.0%
		<u>90.8%</u>
June 30, 2018 (Percentage)		
1	Bright Capital (Private) Limited	37.2%
2	Currency Market Associates (Private) Limited	20.1%
3	Invest Capital Markets Limited	15.9%
4	Paramount Capital (Private) Limited	6.9%
5	Invest One Markets Limited	5.1%
6	Elixir Securities Pakistan (Private) Limited	4.6%
7	C&M Management (Private) Limited	2.4%
8	Next Capital Limited	2.3%
9	Pearl Securities Limited	2.1%
10	Summit Capital (Private) Limited	1.4%
		<u>98.0%</u>

## 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 and Equities	13.45	MBA, CFA
6	Usama Bin Razi	Fund Manager	15.7	MBA

Usama Bin Razi is the Fund Manager of the Fund. He is also the Fund Manager of UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Government Securities Fund, UBL Retirement Savings Fund, UBL Capital Protected Fund III, UBL Special Savings Fund, Al-Ameen Islamic Aggressive Income Fund and Al-Ameen Islamic Asset Allocation Fund.

## PATTERN OF UNIT HOLDING

Category	-----June 30, 2019-----		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	5,802	18,831,069	27.76%
Associated Companies and Key Executives	4	147,324	0.22%
Insurance Companies	1	102,978	0.15%
Retirement Funds	20	1,776,525	2.62%
Public Limited Companies	29	33,086,625	48.77%
Others	46	13,899,253	20.49%
	5,902	67,843,774	100.00%

Category	-----June 30, 2018-----		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	5,251	19,287,342	14.18%
Associated Companies and Directors	9	8,516,269	6.26%
Insurance Companies	3	665,412	0.49%
Retirement Funds	23	2,652,184	1.95%
Public Limited Companies	32	90,151,270	66.26%
Others	41	14,787,179	10.87%
	5,359	136,059,656	100.00%

## 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 provisions of 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	-	27,241	-	-	-	-
Bank charges	-	109	-	-	-	-
Units issued	136,779	6,137	-	399,243	6,576	10,010,749
Units redeemed	791,123	17,609	-	568,059	15,746	7,546,692
Dividend paid	38,911	936	-	9,788	2,456	252,248
Purchase of securities	-	2,091,972	-	1,518,709	-	-
Sale of securities	-	6,023,448	-	980,151	-	-
Remuneration (including Sindh sales tax)	94,058	-	10,528	-	-	-
Allocated expenses	6,443	-	-	-	-	-
Listing fee	-	-	-	-	-	25
Custody fee	-	-	7	-	-	-
<b>Transactions during the year ended June 30, 2018</b>						
Profit on savings accounts	-	9,410	-	-	-	-
Bank charges	-	92	-	-	-	-
Units issued	1,247,580	15,300	-	3,850,631	35,676	4,262,620
Units redeemed	577,163	27,039	-	3,706,334	15,234	1,623,552
Purchase of securities	-	4,495,025	-	800,267	-	-
Sale of securities	-	346,633	-	1,470,171	-	-
Remuneration (including sindh sales tax)	54,915	-	-	-	-	-
Allocated expenses	8,596	-	8,567	-	-	-
Listing fee	-	-	-	-	-	25
Custody fee	-	-	8	-	-	-
<b>Balances held as at June 30, 2019</b>						
Units held (in Units '000)	-	-	-	-	147	24,399
Units held (in Rupees '000)	-	-	-	-	14,847	2,458,989
Bank balances	-	29,278	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	6,314	-	548	-	-	-
Other payables	135	-	-	-	-	-
Profit receivable	-	279	-	-	-	-
<b>Balances held as at June 30, 2018</b>						
Units held (in Units '000)	6,496	114	-	1,668	238	25,045
Units held (in Rupees '000)	690,099	12,111	-	177,199	25,284	2,660,641
Bank balances	-	32,158	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	7,935	-	1,185	-	-	-
Other payables	113	-	-	-	-	-
Allocated expense payable	2,874	-	-	-	-	-
Profit receivable	-	221	-	-	-	-

## 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 Furrugh Zaem	✓	✓	✓	x	✓	✓	✓	6
 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

## 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 and 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 bank, investments in Placements, and Government securities. 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 4.00% to 13.40% 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. 59.862 million (2018: Rs. 145.714 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 range between 13.5% to 14% 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 lower / higher by Rs. 8.500 million (2018: Rs. 15.800 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.

Particulars	Effective yield / interest rate	Total	June 30, 2019			Not exposed to interest rate risk
			Exposed to interest rate risk			
			Upto three months	More than three months and upto one year	More than one year	
<hr/>						
	%		(Rupees in '000)			
<hr/>						
On-balance sheet financial instruments						
Financial assets						
Bank balances	8.25 - 13.4	5,986,231	5,986,227	-	-	4
Term deposit receipts	13.5- 14	850,000	350,000	500,000	-	-
Mark-up / interest receivable		66,745	-	-	-	66,745
Deposits and other receivable		47,660	-	-	-	47,660
Sub total		6,950,636	6,336,227	500,000	-	114,409
Financial liabilities						
Payable to UBL Fund Managers Limited - Management Company		5,723	-	-	-	5,723
Payable to the Central Depository Company of Pakistan Limited - Trustee		485	-	-	-	485
Accrued expenses and other liabilities		4,380	-	-	-	4,380
Sub total		10,588	-	-	-	10,588
On-balance sheet gap (a)		6,940,048	6,336,227	500,000	-	103,821
Off-balance sheet financial instrument		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)			6,336,227	500,000	-	
Cumulative interest rate sensitivity gap			6,336,227	500,000	-	

Particulars	June 30, 2018				
	Effective yield / interest rate	Total	Exposed to interest rate risk		
			Upto three months	More than three months and upto one year	More than one year
	%				Not exposed to interest rate risk
(Rupees in '000)					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	3.75 - 6.60	12,991,421	12,991,417	-	4
Term deposit receipts	6.29 - 7.60	1,580,000	1,580,000	-	-
Mark-up / interest receivable		18,914	-	-	18,914
Deposits and other receivable		15,495	-	-	15,495
<b>Sub total</b>		14,605,830	14,571,417	-	34,413
<b>Financial liabilities</b>					
Payable to UBL Fund Managers Limited - Management Company		10,007	-	-	10,007
Payable to the Central Depository Company of Pakistan Limited - Trustee		1,049	-	-	1,049
Accrued expenses and other liabilities		49,264	-	-	49,264
<b>Sub total</b>		60,320	-	-	60,320
<b>On-balance sheet gap (a)</b>		14,545,510	14,571,417	-	(25,907)
<b>Off-balance sheet financial instrument</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		-	14,571,417	-	-
<b>Cumulative interest rate sensitivity gap</b>		-	14,571,417	-	-

### 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 is not exposed to the risk as its constitutive documents prohibit it from investing in equity securities.

### 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 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.

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

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	5,723	-	-	5,723
Payable to the Central Depository Company of Pakistan Limited - Trustee	485	-	-	485
Accrued expenses and other liabilities	4,380	-	-	4,380
<b>Total liabilities</b>	<b>10,588</b>	<b>-</b>	<b>-</b>	<b>10,588</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	10,007	-	-	10,007
Payable to the Central Depository Company of Pakistan Limited - Trustee	1,049	-	-	1,049
Accrued expenses and other liabilities	49,264	-	-	49,264
<b>Total liabilities</b>	<b>60,320</b>	<b>-</b>	<b>-</b>	<b>60,320</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'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'. Investment in Government securities, however, are not exposed to credit risk as they are guaranteed by the Government of Pakistan.



- 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	Liabilities at
Rupees in '000			
Allied Bank Limited	PACRA	27	
Askari Bank Limited	PACRA	7	
Bank Alfalah Limited	PACRA	4,430,249	
Faysal Bank Limited	JCR-VIS	43	
Habib Bank Limited	JCR-VIS	1,509,554	
Habib Metropolitan Bank Limited	PACRA	1,527	
Meezan Bank Limited	JCR-VIS	10	
United Bank Limited	JCR-VIS	29,278	
Sindh Bank Limited	JCR-VIS	11	
Samba Bank Limited	JCR-VIS	12,144	
MCB Bank Limited	PACRA	2,840	
Zarai Taraqati Bank Limited	JCR-VIS	7	
National Bank of Pakistan	PACRA	534	
		<u>5,986,231</u>	

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

Rating by rating category	2019	2018
	----- (Percentage) -----	
AAA	46.00	46.00
AA- to AA+	46.00	54.00
A+	8.00	-
	<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 one bank. The management believes that these banks are reputed institutions.

**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 IFRS 7 (Financial Instruments: Disclosures), 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) |
| Level 3: | Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)  |

As of June 30, 2019, the Fund does not hold any financial instrument measured at fair value.

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 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**

# UMMF

## UBL Money Market Fund

### INVESTMENT OBJECTIVE

The objective of UBL Money Market Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities.

<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>	United Bank Limited Bank Alfalah Limited MCB Bank Limited Faysal Bank Limited Samba Bank Limited Allied Bank Limited Habib Bank Limited Sindh Bank Limited Zarai Taraqiat Bank Ltd Habib Metropolitan Bank Limited Askari Bank Limited National Bank of Pakistan Meezan Bank Limited
<b>Management Co.Rating</b>	AM1 (JCR VIS)
<b>Fund Rating</b>	AA(f) (JCR VIS)

## Fund Manager's Report – UBL Money Market Fund (UMMF)

- i) **Description of the Collective Investment Scheme category and type**  
Money Market / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**  
The objective of UBL Money Market Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities.
- 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**  
70% Average of 3M PKRV rates + 30% 3M average deposit rate of three 3 AA rated scheduled Banks as selected by MUFAP

- 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
UMMF	6.56%	6.71%	6.41%	7.68%	7.22%	9.02%	9.75%	9.88%	9.42%	9.93%	7.97%	12.21%	8.54%
Benchmark	6.30%	6.66%	6.89%	7.50%	7.97%	8.83%	8.99%	9.27%	9.76%	10.11%	10.77%	11.66%	8.72%

- 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, UMMF generated a return of 8.54% p.a during FY19. Net assets of the fund were PKR 2.725mn at the end of FY19. The Fund Manager maintained a high-quality liquid profile during the period with major allocation to cash. The weighted average time to maturity of the fund was 15.60 days 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	8%	0%
Placements with DFIs	0%	12%
PIBs	0%	0%
GoP Ijarah Sukuk	0%	0%
T-Bills	0%	0%
Cash	91%	87%

Others	0%	1%
Leverage	Nil	Nil

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

FY'19 Return:	8.54%
Standard Deviation (12m trailing):	0.12%
Sharpe Ratio (12m trailing):	(10.63)

**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		%
2,725,431	1,615,172	68.69	100.6767	105.6073	(4.67)

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

**xi) 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.

**xii) 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 -----	
02-Jul-18	-	78,655	5.1412	105.6073	100.4661
24-Jun-19	-	107,593	8.3440	108.8101	100.4661

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

Range of Units	Number of Investors
	UMMF
0.0001 - 9,999.9999	1,347
10,000.0000 - 49,999.9999	146
50,000.0000 - 99,999.9999	21
100,000.0000 - 499,999.9999	33
500,000.0000 & Above	12
<b>Total</b>	<b>1,559</b>

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

There were no unit splits during the period.

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

Investment are subject to market risk.

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

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

## **PERFORMANCE TABLE**

### **UBL Money Market Fund**

	2019	2018	2017
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>2,725,431</b>	1,615,672	876,240
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *</b>			
Class C units - Offer	<b>101.8143</b>	106.8007	101.6014
- Redemption	<b>100.6767</b>	105.6073	100.4661
<b>RETURN OF THE FUND - %</b>			
Total Return of the Fund	<b>8.54</b>	5.12	5.41
Capital Growth (per unit)	<b>0.64</b>	5.12	0.01
Date of Income Distribution	<b>24-Jun-19</b>	-	26-Jun-17
Income Distribution	<b>8.344</b>	-	5.40
Date of Income Distribution	<b>2-Jul-18</b>	-	-
Income Distribution	<b>5.1412</b>	-	-
<b>AVERAGE ANNUAL RETURN - %</b>			
One Year	<b>8.54</b>	5.12	5.41
Second Year	<b>6.83</b>	5.27	5.28
Third Year	<b>6.36</b>	5.23	6.18
Forth Year	<b>6.06</b>	5.92	6.59
Fifth Year	<b>6.44</b>	6.29	7.13
Since inception	<b>8.16</b>	8.11	8.54
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees *</b>			
Highest price per unit - Class C units - Offer	<b>110.0008</b>	106.8007	106.9419
Highest price per unit - Class C units - Redemption	<b>108.7717</b>	105.6073	105.7470
Lowest price per unit - Class C units - Offer	<b>101.6014</b>	101.6261	101.4997
Lowest price per unit - Class C units - Redemption	<b>100.4661</b>	100.4906	100.3656

\* Front-end load @ 1% is applicable

### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

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

Bank Balances	<b>87</b>	92.00	99.00
Placements and Term Deposit Receipts	<b>12</b>	8.00	-
Others	<b>1</b>	-	-

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

Debt market	<b>100</b>	100	99
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Note:

- The Launch date of Fund is 14 Oct 2010

## **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**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL MONEY MARKET 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 Money Market 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 18, 2019



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

**NAME OF FUND:** UBL Money Market 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 Money Market 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**

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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.

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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**





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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **To the Unit holders of UBL Money Market 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 Money Market 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 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.



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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.

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: 19 September 2019**

**Karachi**

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**



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### **Independent Auditors' Report**

#### **To the Unit holders of UBL Money Market Fund**

#### **Report on the Audit of the Financial Statements**

##### ***Opinion***

We have audited the financial statements of **UBL Money Market 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 year then ended, 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 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 *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.





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### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 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





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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.



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We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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, 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 auditors' 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditors' report is Zeeshan Rashid.

**Date: 19 September 2019**

**Karachi**

*KPMG Taseer Hadi & Co.*

**KPMG Taseer Hadi & Co.  
Chartered Accountants**

# UBL Money Market Fund

## Statement of Assets and Liabilities

As at 30 June 2019

	Note	2019 ---- (Rupees in '000) ----	2018
<b>Assets</b>			
Bank balances	6	2,388,715	1,490,596
Investments	7	340,000	135,000
Profit receivable	8	21,992	3,058
Deposits, prepayments and other receivables	9	1,373	1,769
Advance tax	10	1,589	1,071
<b>Total assets</b>		<b>2,753,669</b>	<b>1,631,494</b>
<b>Liabilities</b>			
Payable to the Management Company	11	2,684	998
Payable to Central Depository Company of Pakistan Limited - Trustee	12	222	169
Payable to Securities and Exchange Commission of Pakistan	13	1,414	828
Accrued expenses and other payables	14	23,918	13,827
<b>Total liabilities</b>		<b>28,238</b>	<b>15,822</b>
<b>Net assets</b>		<b>2,725,431</b>	<b>1,615,672</b>
<b>Unit holders' fund</b> (as per statement attached)		<b>2,725,431</b>	<b>1,615,672</b>
<b>Contingencies and commitments</b>	19		
		(Number of Units)	
<b>Number of units in issue</b>		<b>27,071,133</b>	<b>15,298,865</b>
		(Rupees)	
<b>Net assets value per unit</b>	4.11	<b>100.6767</b>	<b>105.6073</b>

The annexed notes 1 to 31 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 Money Market Fund

## Income Statement

For the year ended 30 June 2019

	Note	2019 ---- (Rupees in '000) ----	2018
<b>Income</b>			
Markup on bank deposits and mark-up / return on investments calculated using the effective interest method	15	191,342	71,446
Realised (loss) on sale of investments	16	(7,283)	(116)
Other income		298	46
<b>Total income</b>		<b>184,357</b>	<b>71,376</b>
<b>Expenses</b>			
Remuneration of the Management Company	11.1	13,891	7,647
Sindh Sales Tax on the Management Company's remuneration	11.2	1,806	994
Allocation of expenses relating to the Fund	11.3	1,885	1,103
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12.1	2,445	1,691
Annual fee of Securities and Exchange Commission of Pakistan	13	1,414	828
Bank charges		292	298
Auditors' remuneration	17	727	637
Listing fees		27	27
Legal and professional charges		211	152
Brokerage expenses		387	44
Other expenses		235	253
<b>Total operating expenses</b>		<b>23,320</b>	<b>13,674</b>
<b>Net income from operating activities</b>		<b>161,037</b>	<b>57,702</b>
Provision for Sindh Workers' Welfare Fund	14.2	(3,160)	(1,132)
<b>Net income for the year before taxation</b>		<b>157,877</b>	<b>56,570</b>
Taxation	18	-	-
<b>Net income for the year after taxation</b>		<b>157,877</b>	<b>56,570</b>
<b>Allocation of net income for the year after taxation</b>			
Net income for the year after taxation		157,877	56,570
Income already paid on units redeemed		(93,332)	(37,863)
Accounting income available for distribution		<b>64,545</b>	<b>18,707</b>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	-
- Excluding capital gains		64,545	18,707
		<b>64,545</b>	<b>18,707</b>

The annexed notes 1 to 31 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 Money Market Fund

## Statement of Comprehensive Income

*For the year ended 30 June 2019*

	2019 ---- (Rupees in '000) ----	2018 ----
<b>Net income for the year after taxation</b>	<b>157,877</b>	56,570
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b><u>157,877</u></b>	<u>56,570</u>

The annexed notes 1 to 31 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 Money Market Fund**  
**Statement of Movement in Unit holders' Fund**  
For the year ended 30 June 2019

	2019			2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
<b>Net assets at beginning of the year</b>	1,590,492	25,180	1,615,672	869,767	6,473	876,240
<b>Issuance of 69,804,765 units</b> (2018: 51,468,020 units)						
- Capital value	7,013,013	-	7,013,013	5,212,022	-	5,212,022
- Element of income	181,825	-	181,825	129,025	-	129,025
Total proceeds on issuance of units	7,194,838	-	7,194,838	5,341,047	-	5,341,047
<b>Redemption of 58,032,497 units</b> (2018: 44,890,908 units)						
- Capital value	(5,830,299)	-	(5,830,299)	(4,531,759)	-	(4,531,759)
- Element of loss	(133,077)	(93,332)	(226,409)	(88,563)	(37,863)	(126,426)
Total payments on redemption of units	(5,963,376)	(93,332)	(6,056,708)	(4,620,322)	(37,863)	(4,658,185)
Total comprehensive income for the year	-	157,877	157,877	-	56,570	56,570
Final distribution for the year ended 30 June 2018: Rs. 5.1412 per unit declared on 02 July 2018 (31 December 2017: Nil)	(59,909)	(18,746)	(78,655)	-	-	-
Interim distribution for the year ended 30 June 2019: Rs. 8.344 per unit paid on 24 June 2019	(47,910)	(59,683)	(107,593)	-	-	-
Net income for the year less distribution	(107,819)	79,448	(28,371)	-	56,570	56,570
<b>Net assets at end of the year</b>	<b>2,714,135</b>	<b>11,296</b>	<b>2,725,431</b>	<b>1,590,492</b>	<b>25,180</b>	<b>1,615,672</b>
<b>Undistributed income brought forward:</b>						
- Realised income		25,180			6,473	
- Unrealised income		-			-	
		25,180			6,473	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			-	
- Excluding capital gains		64,545			18,707	
		64,545			18,707	
Final distribution for the year ended 30 June 2018: Rs. 5.1412 per unit declared on 02 July 2018 (31 December 2017: Nil)		(18,746)			-	
Interim distribution for the year ended 30 June 2019: Rs. 8.344 per unit paid on 24 June 2019		(59,683)			-	
<b>Undistributed income carried forward</b>		<b>11,296</b>			<b>25,180</b>	
<b>Undistributed income carried forward comprise of:</b>						
- Realised income		11,296			25,180	
- Unrealised income		-			-	
		11,296			25,180	
		(Rupees)			(Rupees)	
<b>Net assets value per unit at beginning of the year</b>		<b>105.6073</b>			<b>100.4661</b>	
<b>Net assets value per unit at end of the year</b>		<b>100.6767</b>			<b>105.6073</b>	

The annexed notes 1 to 31 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 Money Market Fund**  
**Cash Flow Statement**  
For the year ended 30 June 2019

	2019	2018
Note	---- (Rupees in '000) ----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	157,877	56,570
<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	(191,342)	(71,446)
Realised loss on sale of investments	7,283	116
Provision for Sindh Workers' Welfare Fund	3,160	1,132
	<u>(180,899)</u>	<u>(70,198)</u>
<b>Net cash used in operations before working capital changes</b>	<b>(23,022)</b>	<b>(13,628)</b>
<b>Working capital changes</b>		
<i>(Increase) in assets</i>		
Investments	(197,283)	(116)
Deposits, prepayments and other receivables	(1)	-
Advance tax	(518)	(562)
	<u>(197,802)</u>	<u>(678)</u>
<i>Increase / (decrease) in liabilities</i>		
Payable to the Management Company	1,686	(312)
Payable to Central Depository Company of Pakistan Limited - Trustee	53	7
Payable to Securities and Exchange Commission of Pakistan	586	321
Accrued expenses and other payables	6,931	(3,390)
	<u>9,256</u>	<u>(3,374)</u>
Profit received	172,408	74,260
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(39,160)</b>	<b>56,580</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	7,087,416	5,341,400
Payments on redemption of units	(6,056,708)	(4,658,185)
Cash distribution to unit holders	(78,429)	-
<b>Net cash flows generated from financing activities</b>	<b>952,279</b>	<b>683,215</b>
<b>Net increase in cash and cash equivalents</b>	<b>913,119</b>	<b>739,795</b>
Cash and cash equivalents at beginning of the year	1,625,596	885,801
<b>Cash and cash equivalents at end of the year</b>	<b><u>2,538,715</u></b>	<b><u>1,625,596</u></b>
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	2,388,715	1,490,596
Term deposit receipts	-	135,000
Letter of placement	150,000	-
<b>Cash and cash equivalents at end of the year</b>	<b><u>2,538,715</u></b>	<b><u>1,625,596</u></b>

The annexed notes 1 to 31 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 Money Market Fund

## Notes to the Financial Statements

*For the year ended 30 June 2019*

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

UBL Money Market 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 10 August 2010 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced its operations from 14 October 2010.

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.

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 general public. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

The investment objective of the Fund is to provide a regular stream of income and easy liquidity to its investors by investing a major chunk of the portfolio in short term government securities.

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

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the 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:

- IFRIC 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
- 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 4.3 - 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 year ended 30 June 2019 is included in the following notes:

- Notes 4.2.4 and 4.3 - Valuation of investments
- Notes 4.2.5, 4.3 and 4.18 - Impairment of financial instruments 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 stated otherwise.

## **3. CHANGES IN ACCOUNTING POLICIES**

Except as described below, the Fund has consistently applied the accounting policies as set out in Note 4 to all periods presented in these financial statements.

The Fund has adopted IFRS 9 'Financial instruments' from 01 July 2018. The Fund also adopted IFRS 15 'Revenue from contracts with customers' from 01 July 2018. A number of other new standards are effective from 01 July 2018 but they do not have a material effect on the Fund's financial statements.

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 new standard brings fundamental changes to the accounting for financial assets and to certain

aspects of the accounting for financial liabilities. As a result of adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial statements', which requires separate presentation in the income statement and statement of comprehensive income, profit / mark-up calculated using the effective interest method.

Additionally, the Fund has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019, but have not been applied to the comparative information.

The adoption of IFRS 15 did not impact the timing or amount of profit, mark-up and other investment income and related assets and liabilities recognised by the Fund. Accordingly, there is no impact on comparative information.

The key changes to the Fund's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in Note 4.

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

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities therefore its adoption did not have a significant effect on the Fund's accounting policies related to financial liabilities.

For an explanation of how the Fund classifies financial assets under IFRS 9, see Note 4.3.

#### **ii. 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.

The Fund has classified its financial assets as measured at: FVTPL or amortised cost. IFRS 9 has scoped out impairment for financial assets measured at 'fair value through profit or loss' where as for debt securities measured at amortised cost there are impairment requirements. 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.

#### **iii. Transition**

The changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively except that comparative period have not generally been restated. As the Fund presents the movement in Unit holder's Fund on net assets basis, there is no impact of the changes on net assets of the funds. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to information presented for 2019 under IFRS 9.

For more information and details on the changes and implications resulting from the adoption of IFRS 9, see Note 5.

### **4 SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied except for the change in accounting policy as mentioned in note 3, to all the periods presented.

#### **4.1 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.

## **4.2 Financial assets (Policies applicable before 01 July 2018)**

### **4.2.1 Classification**

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

#### **a) Financial assets at fair value through profit or loss**

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

#### **b) 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 (c) loans and receivables, (a) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for the liquidity or change in price.

#### **c) Loans and receivables**

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

### **4.2.2 Regular way contracts**

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

### **4.2.3 Initial recognition and measurement**

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

### **4.2.4 Subsequent measurement**

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

#### **a) Basis of valuation of 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 the SECP via Circular 1 of 2009, Circular 33 of 2012 and Circular 35 of 2012. The Circulars also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### **b) Basis of valuation of Government securities**

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

#### **c) Loans and receivables**

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

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 derecognised or impaired. At this time, the cumulative gain or loss previously recognised 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

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

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

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

Provision against non-performing debt securities is made in accordance with the provisioning criteria for non-performing debt securities specified by the SECP. As allowed by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in Circular No. 33 of 2012 dated 24 October 2012, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

#### **4.3 Financial assets (Policies applicable after 01 July 2018)**

##### **i. 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).

## **ii. 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 interest / markup, 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. Interest / 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. Interest / 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 the SECP via Circular 1 of 2009, Circular 33 of 2012 and Circular 35 of 2012. The Circulars also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### **b) Government securities**

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

#### **iii. Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

#### **iv. Impairment of financial assets**

##### **Financial assets at amortised cost**

Provision for non performing debt securities and other exposure is made in accordance with the criteria specified in Circular No. 33 of 2012 dated 24 October 2012 issued by SECP. 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.

#### **4.4 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.

#### **4.5 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 realise the assets and settle the liabilities simultaneously.

#### **4.6 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.

#### **4.7 Unit holders' fund**

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

#### **4.8 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.

#### **4.9 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 assets 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 asset 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.

#### **4.10 Provisions**

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

#### **4.11 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.

#### **4.12 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.

#### **4.13 Revenue recognition**

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on mark to market of investments classified as Financial assets at fair value through profit or loss are included in the Income Statement in the year in which they arise.
- Mark-up on deposits with banks and mark-up / return on investments in debt and government securities is recognised using effective yield method.

#### **4.14 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.

#### **4.15 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.



#### 4.16 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.

#### 4.17 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 year.

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.

#### 4.18 Other assets

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

### 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### 5.1 Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table and the accompanying note below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets and financial liabilities as at 01 July 2018:

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 ---- (Rupees) ----	New carrying amount under IFRS 9
<b>Financial assets</b>					
Bank balances	(a)	Loans and receivables	Amortised cost	1,490,596	1,490,596
Term deposit receipts and placement	(a)	Loans and receivables	Amortised cost	135,000	135,000
Profits receivable	(a)	Loans and receivables	Amortised cost	3,058	3,058
Deposit and other receivables	(a)	Loans and receivables	Amortised cost	1,672	1,672
<b>Financial liabilities</b>					
Payable to the Management Company	(b)	Other financial liabilities	Amortised cost	998	998
Payable to Central Depository Company of Pakistan Limited - Trustee	(b)	Other financial liabilities	Amortised cost	169	169
Accrued expenses and other payables	(b)	Other financial liabilities	Amortised cost	1,861	1,861

The reclassifications set out in the table above are explained below.

(a) The financial assets classified as 'loans and receivables' have been classified as 'at amortised cost'.

(b) The financial liabilities classified as 'other financial liabilities' have been classified as 'at amortised cost'.

6	BANK BALANCES	Note	2019 ---- (Rupees in '000) ----	2018
	In current accounts	6.1	2,174	86
	In saving accounts	6.2	2,386,541	1,490,510
			<u>2,388,715</u>	<u>1,490,596</u>

6.1 This represents balance with United Bank Limited, holding company of the Management Company.

6.2 These carry profit rates ranging from 4% to 13.4% (30 June 2018: 3.75% to 7.60%) per annum. This includes balance with United Bank Limited of Rs. 13.613 million (30 June 2018: Rs. 2.405 million) carrying profit rate of 8.25% (30 June 2018: 4%) per annum.

7	INVESTMENTS	Note	2019 ---- (Rupees in '000) ----	2018
<b>Investments by category</b>				
<b>At fair value through profit or loss</b>				
	Government securities			
	- Market Treasury bills	7.1	-	-
<b>At amortised cost (30 June 2018: Loans and receivables)</b>				
	Letter of placements	7.2	340,000	-
	Term deposit receipts	7.3	-	135,000
			<u>340,000</u>	<u>135,000</u>

## 7.1 Investment in Government securities - At fair value through profit or loss

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	
		As at 01 July 2018	Purchases during the year	Sales / matured during the year	As at 30 June 2019			Total investments of fund	Net assets of fund
(Rupees in '000)								%	
Market treasury bills									
June 7, 2018	3 months	-	75,000	75,000	-	-	-	-	-
July 19, 2018	3 months	-	1,466,000	1,466,000	-	-	-	-	-
August 2, 2018	3 months	-	1,150,000	1,150,000	-	-	-	-	-
October 11, 2018	3 months	-	4,000,000	4,000,000	-	-	-	-	-
December 6, 2018	3 months	-	3,800,000	3,800,000	-	-	-	-	-
January 3, 2019	3 months	-	500,000	500,000	-	-	-	-	-
January 17, 2019	3 months	-	500,000	500,000	-	-	-	-	-
February 14, 2019	3 months	-	2,995,000	2,995,000	-	-	-	-	-
February 28, 2019	3 months	-	550,000	550,000	-	-	-	-	-
April 11, 2019	3 months	-	500,000	500,000	-	-	-	-	-
April 25, 2019	3 months	-	875,000	875,000	-	-	-	-	-
May 9, 2019	3 months	-	1,000,000	1,000,000	-	-	-	-	-
May 23, 2019	3 months	-	1,000,000	1,000,000	-	-	-	-	-
		-	18,411,000	18,411,000	-	-	-	-	-

## 7.2 Letter of placements - at amortised cost

Name of Company	Note	Maturity Date	Placements	Placements	As at 30 June 2019	Percentage of total value of investments	Percentage of Net Assets
			made during the year	matured during the year			
			----- (Rupees in '000) -----				
PAIR Investment Company Limited		11 October 2018	150,000	150,000	-	-	-
Pak Brunei Investment Company Limited		11 October 2018	150,000	150,000	-	-	-
PAIR Investment Company Limited		29 November 2018	200,000	200,000	-	-	-
Pak Oman Investment Company Limited		03 December 2018	150,000	150,000	-	-	-
Pak China Investment Company Limited		04 December 2018	150,000	150,000	-	-	-
Pak Oman Investment Company Limited		04 December 2018	150,000	150,000	-	-	-
Pak Oman Investment Company Limited		05 December 2018	178,000	178,000	-	-	-
Pak Brunei Investment Company Limited		06 December 2018	150,000	150,000	-	-	-
Zarai Taraqiati Bank Limited		06 December 2018	200,000	200,000	-	-	-
Askari Bank Limited		06 December 2018	200,000	200,000	-	-	-
Pak Oman Investment Company Limited		06 December 2018	200,000	200,000	-	-	-
PAIR Investment Company Limited		07 December 2018	100,000	100,000	-	-	-
Pak Oman Investment Company Limited		10 December 2018	150,000	150,000	-	-	-
Pak Oman Investment Company Limited		13 December 2018	50,000	50,000	-	-	-
Pak Oman Investment Company Limited		14 December 2018	50,000	50,000	-	-	-
Pak Oman Investment Company Limited		17 December 2018	80,000	80,000	-	-	-
Pak Oman Investment Company Limited		18 December 2018	50,000	50,000	-	-	-
Pak Oman Investment Company Limited		19 December 2018	80,000	80,000	-	-	-
Pak Oman Investment Company Limited		20 December 2018	80,000	80,000	-	-	-
Pak Oman Investment Company Limited		21 December 2018	30,000	30,000	-	-	-
Pak Oman Investment Company Limited		24 December 2018	30,000	30,000	-	-	-
PAIR Investment Company Limited		31 Janauary 2019	50,000	50,000	-	-	-
PAIR Investment Company Limited		06 February 2019	125,000	125,000	-	-	-
Pak Oman Investment Company Limited		08 February 2019	160,000	160,000	-	-	-
Pak Brunei Investment Company Limited		14 February 2019	150,000	150,000	-	-	-
Pak Oman Investment Company Limited		15 February 2019	140,000	140,000	-	-	-
PAIR Investment Company Limited		28 February 2019	100,000	100,000	-	-	-
PAIR Investment Company Limited		04 March 2019	60,000	60,000	-	-	-
Pak Oman Investment Company Limited		08 March 2019	60,000	60,000	-	-	-
Pak Oman Investment Company Limited		08 March 2019	130,000	130,000	-	-	-
PAIR Investment Company Limited		11 March 2019	48,000	48,000	-	-	-
Pak Oman Investment Company Limited		12 March 2019	170,000	170,000	-	-	-
Zarai Taraqiati Bank Limited		18 April 2019	160,000	160,000	-	-	-
PAIR Investment Company Limited		10 May 2019	200,000	200,000	-	-	-
Pak Brunei Investment Company Limited		15 May 2019	185,000	185,000	-	-	-
Pak Oman Investment Company Limited		27 May 2019	200,000	200,000	-	-	-
Saudi Pak Industrial and Agricultural Investment Company Limited		27 May 2019	200,000	200,000	-	-	-
Pak Oman Investment Company Limited		31 May 2019	200,000	200,000	-	-	-
Pak Brunei Investment Company Limited		31 May 2019	200,000	200,000	-	-	-
Pak Oman Investment Company Limited		10 June 2019	200,000	200,000	-	-	-
Zarai Taraqiati Bank Limited		14 June 2019	200,000	200,000	-	-	-
Pak Oman Investment Company Limited		14 June 2019	200,000	200,000	-	-	-
Pak Brunei Investment Company Limited		17 June 2019	200,000	200,000	-	-	-
Zarai Taraqiati Bank Limited		17 June 2019	200,000	200,000	-	-	-
Pak Oman Investment Company Limited		17 June 2019	200,000	200,000	-	-	-
PAIR Investment Company Limited	7.2.1	01 August 2019	150,000	-	150,000	43.95	0.06
Pak Brunei Investment Company Limited	7.2.2	02 January 2020	190,000	-	190,000	55.67	0.07
			6,656,000	6,316,000	340,000	99.62	0.12

7.2.1 This letter of placement has been placed at discount at a rate of 13.50% per annum and is being amortised over a period of 49 days.

7.2.2 This letter of placement has been placed at discount at a rate of 14.00% per annum and is being amortised over a period of 189 days.

7.3 It carries profit at rate of 7.35% per annum and was matured on 20 July 2018.

8	<b>PROFIT RECEIVABLE</b>		<b>2019</b>	<b>2018</b>
			<b>---- (Rupees in '000) ----</b>	
	<b>Profits receivable on:</b>			
	- Bank balances		<b>20,702</b>	2,759
	- Term deposit receipts		-	299
	- Letter of placements		<b>1,290</b>	-
			<b>21,992</b>	<b>3,058</b>
9	<b>DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES</b>			
	Receivable against issuance of units		<b>1,175</b>	1,572
	Security deposit with Central Depository Company of Pakistan Limited - Trustee		<b>100</b>	100
	Prepayments		<b>98</b>	97
			<b>1,373</b>	<b>1,769</b>
10	<b>ADVANCE TAX</b>			
	<p>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 May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the 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 of Income Tax Return for Tax year 2019.</p>			
11	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>	<i>Note</i>	<b>2019</b>	<b>2018</b>
			<b>---- (Rupees in '000) ----</b>	
	Management remuneration payable	11.1	<b>1,804</b>	576
	Sindh Sales Tax on management remuneration	11.2	<b>234</b>	75
	Payable against allocation of expenses relating to the Fund	11.3	<b>180</b>	209
	Sales load and other payables		<b>466</b>	138
			<b>2,684</b>	<b>998</b>
11.1	<p>As per regulation 61 of amended Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 1% of average annual net assets in case of Money Market Scheme. The Management Company has charged remuneration at the rate of 7.5% of the gross earnings of the Scheme, calculated on a daily basis not exceeding the maximum rate of remuneration permitted. Moreover, the fee is subject to a minimum of 0.25% of the daily net assets. This basis for accrual of management fee is applied with effect from 15 January 2018.</p>			
	<p>Previously, the Management Company of the Fund has charged remuneration at the rate of 10% of the gross earnings of the Scheme, calculated on a daily basis not exceeding the maximum rate of remuneration permitted. The remuneration is paid to the Management Company on monthly basis in arrears.</p>			
11.2	Sindh Sales Tax has been charged at 13% (30 June 2018: 13%) on the management fee charged during the year.			
11.3	<p>As a result of amendments in NBFC Regulations vide statutory notification (SRO No. 1160 / (I) dated 25 November 2015), the Management Company may charge fee and expenses related to registrar services, accounting, operation and valuation services related to a collective investment scheme (CIS) up to a maximum of 0.1% per annum of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% per annum of the average annual net assets, being lower.</p>			
12	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
		<i>Note</i>	<b>2019</b>	<b>2018</b>
			<b>---- (Rupees in '000) ----</b>	
	Trustee remuneration	12.1	<b>196</b>	150
	Sindh Sales Tax on Trustee remuneration	12.2	<b>26</b>	19
			<b>222</b>	<b>169</b>

- 12.1** 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 on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee for the year ended 30 June 2019 is as follows:

<b>Net assets</b>	<b>Tariff per annum</b>
- Up to Rs.1 billion	0.15% per annum of net assets value
- From Rs.1 billion to Rs.10 billion	Rs. 1.5 million plus 0.075% per annum of net assets value exceeding Rs.1 billion
- On amount exceeding Rs. 10 billion	Rs. 8.25 million plus 0.06% per annum of net assets value exceeding Rs. 10 billion.

- 12.2** 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.

### **13 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.

<b>14 ACCRUED EXPENSES AND OTHER PAYABLES</b>	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<b>---- (Rupees in '000) ----</b>	
Provision for indirect duties and taxes	14.1	<b>9,499</b>	9,499
Provision for Sindh Workers' Welfare Fund	14.2	<b>5,627</b>	2,467
Withholding tax deducted at source		<b>4,760</b>	-
Capital gains tax payable		<b>2,595</b>	668
Zakat deducted at source		<b>569</b>	520
Auditors' remuneration payable		<b>471</b>	397
Brokerage payable		<b>219</b>	56
Sindh Sales Tax payable		-	3
Sales load and other payables		<b>178</b>	217
		<b>23,918</b>	<b>13,827</b>

- 14.1** As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was applied with effect from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective collective investment schemes (CISs), through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED up to 30 June 2016.

On 30 June 2016, the Honourable Sindh High Court had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after 01 July 2011 is ultra vires to the Constitution of Pakistan. On 23 September 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 9.499 million (30 June 2018: Rs. 9.499 million) until the matter is resolved. Had the provision not been made, the net assets value per unit of the Fund as at 30 June 2019 would have been higher by Rs. 0.3509 per unit (30 June 2018: Rs. 0.6209 per unit).

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Therefore, since 30 June 2016, provision for FED has not been made.

- 14.2** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all collective investment schemes / mutual funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher.

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

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on 21 May 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 31 December 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 Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters and based on such legal advice which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited, has recommended to all its members on 12 January 2017 the following:

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

The above decisions were communicated to SECP and the Pakistan Stock Exchange Limited on 12 January 2017. In response to the aforementioned letter SECP vide its letter dated 01 February 2017 advised MUFAP that the adjustments relating to the above should be made prospectively and adequate disclosure shall be made in the condensed interim financial information of Mutual Funds. Accordingly, the Fund has recorded these adjustments in its books of account on 12 January 2017.

Had the provision not been made, the net assets value per unit of the Fund as at 30 June 2019 would have been higher by Rs. 0.2079 per unit (30 June 2018: Rs. 0.1613) per unit.

**15 MARKUP ON BANK DEPOSITS AND MARK-UP / RETURN ON INVESTMENTS CALCULATED USING THE EFFECTIVE INTEREST METHOD**

Profits on:

- Bank balances
- Term deposit receipts / letter of placement
- Market treasury bills

	2019	2018
	---- (Rupees in '000) ----	
	87,073	40,060
	28,421	6,860
	75,848	24,526
	<u>191,342</u>	<u>71,446</u>

**16 REALISED (LOSS) ON SALE OF INVESTMENTS**

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

**At fair value through profit or loss**

- Market treasury bills

(7,283)	(116)
<u>(7,283)</u>	<u>(116)</u>

**17 AUDITORS' REMUNERATION**

Annual audit fee

321

286

Half yearly review fee

159

141

Fee for certifications and other services

148

139

Out of pocket expenses

99

71

<u>727</u>	<u>637</u>
------------	------------

**18 TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of 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 year as reduced by capital gains, whether realised or unrealised, to its unit holders during the year. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2019.

**19 CONTINGENCIES AND COMMITMENTS**

Except as stated in note 14.2, there are no contingencies and commitments as at 30 June 2019.

**20 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. TER of the Fund for the year ended 30 June 2019 is 1.40% which include 0.36% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

**21 RECONCILIATION OF LIABILITIES  
ARISING OUT OF FINANCING  
ACTIVITIES**

**Receivable      Payable against      Total**  
**against      redemption**  
**sale of units      of units**  
----- (Rupees in '000) -----

Opening balance as at 01 July 2018

1,572

-

1,572

Receivable against issuance of units

7,087,019

-

7,087,019

Payable against redemption of units

-

6,056,708

6,056,708

7,087,019

6,056,708

13,143,727

Amount received on issuance of units

(7,087,416)

-

(7,087,416)

Amount paid on redemption of units

-

(6,056,708)

(6,056,708)

(7,087,416)

(6,056,708)

(13,144,124)

**Closing balance as at 30 June 2019****1,175****-****1,175****22 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 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 to the Management Company and the trustee is determined in accordance with the provision of Non Banking Finance Companies Rules, 2003, Non Banking Finance Companies and Notified Entities regulations, 2008 and the Trust Deed respectively.

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

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

## 22.1 Transactions during the year

	2019					
	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected Persons / Related Parties
----- (Rupees in '000) -----						
Units issued	75,955	598	-	1,023,221	31,529	1,077,329
Units redeemed	682,953	23,986	-	816,238	7,213	683,708
Profit on saving accounts	298	3,585	-	-	-	-
Bank charges	-	67	-	-	-	-
Purchase of securities	-	-	-	980,283	-	-
Sale of securities	-	1,106,348	-	395,528	-	-
Remuneration	13,891	-	2,164	-	-	-
Sindh sales tax on remuneration	1,806	-	281	-	-	-
Dividend paid	30,986	1,171	-	7,662	1,716	-
Allocation of expenses relating to the Fund	1,885	-	-	-	-	-
Term deposit receipts matured	-	190,000	-	-	-	-
2018						
Units issued	1,637,639	12,279	-	1,403,578	-	-
Units redeemed	1,013,284	7,194	-	1,253,850	-	-
Profit on saving accounts	-	255	-	-	-	-
Bank charges	-	79	-	-	-	-
Purchase of securities	-	-	-	99,901	-	-
Sale of securities	-	247,595	-	1,488,787	-	-
Remuneration	7,647	-	1,496	-	-	-
Sindh sales tax on remuneration	994	-	195	-	-	-
Listing Fee	-	-	-	-	-	25
Allocation of expenses relating to the Fund	1,103	-	-	-	-	-

## 22.2 Balances outstanding as at year end

	2019					
Units held (in units '000)	-	-	-	3,862	235	3,979
Units held (in rupees '000)	-	-	-	388,767	23,641	400,604
Bank balances *	-	15,787	-	-	-	-
Remuneration payable **	2,038	-	222	-	-	-
Sales load and other payable	466	-	-	-	-	-
Payable against allocated expenses	180	-	-	-	-	-
Receivable from issuance of unit	1,000	-	-	174	-	-
Profit receivable	-	52	-	-	-	-
Deposit	-	-	100	-	-	-
	2018					
Units held (in units '000)	6,027	228	-	1,490	0.09	-
Units held (in rupees '000)	636,491	24,046	-	157,384	9	-
Bank balances *	-	2,491	-	-	-	-
Remuneration payable **	651	-	169	-	-	-
Sales load and other payable	122	206	-	-	-	-
Payable against allocated expenses	209	-	-	-	-	-
Profit receivable	-	7	-	-	-	-
Receivable against issuance of units	1,572	-	-	-	-	-
Deposit	-	-	100	-	-	-

\* These carry profit rate of 8.25% per annum (30 June 2018: 4%) per annum.

\*\* These balance are inclusive of Sindh sales tax payable.

## 23 FINANCIAL INSTRUMENTS BY CATEGORY

2019			
At Amortised Cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
----- (Rupees in '000) -----			
<b>Financial Assets</b>			
Bank balances	2,388,715	-	2,388,715
Letter of placements	340,000	-	340,000
Profit receivable	21,992	-	21,992
Deposits and other receivables	1,275	-	1,275
	<u>2,751,982</u>	<u>-</u>	<u>2,751,982</u>
		<b>At amortised cost</b>	<b>Total</b>
		---- (Rupees in '000) ----	
<b>Financial liabilities</b>			
Payable to the Management Company		2,684	2,684
Payable to Central Depository Company of Pakistan Limited - Trustee		222	222
Accrued expenses and other payables		8,792	8,792
		<u>11,698</u>	<u>11,698</u>
2018			
Loans and receivables	Held for trading	Available-for-sale	Total
----- (Rupees in '000) -----			
<b>Financial Assets</b>			
Bank balances	1,490,596	-	1,490,596
Term deposit receipt	135,000	-	135,000
Profit receivable	3,058	-	3,058
Deposits and other receivables	1,672	-	1,672
	<u>1,630,326</u>	<u>-</u>	<u>1,630,326</u>
		<b>Other financial liabilities</b>	<b>Total</b>
		----- (Rupees in '000) -----	
<b>Financial liabilities</b>			
Payable to the Management Company		998	998
Payable to Central Depository Company of Pakistan Limited - Trustee		169	169
Accrued expenses and other liabilities		1,861	1,861
		<u>3,028</u>	<u>3,028</u>

## 24 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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



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

IFRS 13, 'Fair Value Measurements' 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 or indirectly (level 2).
- Unobservable inputs for the asset or liability (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:

**On-balance sheet financial instruments**

		2019					Fair value			
Note		Carrying amount				Total	Level 1	Level 2	Level 3	Total
		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					
(Rupees in '000)										
<b>Financial assets not measured at fair value 24.1</b>										
	Bank balances	-	-	-	2,388,715	2,388,715				
	Letter of placements	-	-	-	340,000	340,000				
	Profits receivable	-	-	-	21,992	21,992				
	Deposits and other receivables	-	-	-	1,275	1,275				
		-	-	-	2,751,982	2,751,982				
<b>Financial liabilities not measured at fair value 24.1</b>										
	Payable to the Management Company	-	-	-	2,684	2,684				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	222	222				
	Accrued expenses and other payables	-	-	-	8,792	8,792				
		-	-	-	11,698	11,698				
2018										
Note		Carrying amount				Total	Fair value			
		Held for trading	Available for sale	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	Total
(Rupees in '000)										
<b>Financial assets not measured at fair value 24.1</b>										
	Bank balances	-	-	1,490,596	-	1,490,596				
	Term deposit receipts	-	-	135,000	-	135,000				
	Profits receivable	-	-	3,058	-	3,058				
	Deposits and other receivables	-	-	1,672	-	1,672				
		-	-	1,630,326	-	1,630,326				
<b>Financial liabilities not measured at fair value 24.1</b>										
	Payable to the Management Company	-	-	-	998	998				
	Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	169	169				
	Accrued expenses and other payables	-	-	-	1,861	1,861				
		-	-	-	3,028	3,028				

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

**24.2** 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.

## 25 FINANCIAL RISK MANAGEMENT

**25.1** 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 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 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 - grade debt securities, 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.

## 25.2 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).

The table below analyses the Fund's maximum exposure to credit risk:

	2019	2018
	---(Rupees in '000)---	
<b>Financial assets exposed to credit risk</b>		
Bank balances	2,388,715	1,490,596
Investments	340,000	135,000
Profit receivable	21,992	3,058
Deposits and other receivables	1,275	1,672
	<u>2,751,982</u>	<u>1,630,326</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.

All deposits with Banks and CDC are highly rated and risk of default is considered minimal. Further, investment in government securities is not exposed to credit risk.

The analysis below summarizes the credit quality of the Fund's portfolio in total as on 30 June 2019:

	Rating Agency	Rating	2019	2018
			---(Rupees in '000)---	
<b>Bank balances by rating category</b>				
United Bank Limited	VIS	AAA	15,787	2,491
Allied Bank Limited	PACRA	AAA	11	255
MCB Bank Limited	PACRA	AAA	2,771	1,702
Habib Bank Limited	VIS	AAA	852,548	1,446,708
National Bank of Pakistan Limited	VIS	AAA	48	402
Zarai Taraqati Bank Limited	VIS	AAA	6	16
Meezan Bank Limited	VIS	AA+	1	1
Askari Bank Limited	PACRA	AA+	6	5
Habib Metropolitan Bank Limited	PACRA	AA+	64	163
Faysal Bank Limited	PACRA	AA	38	477
Samba Bank Limited	VIS	AA	161	85
Bank Alfalah Limited	VIS	AA-	1,517,263	38,259
Sindh Bank Limited	VIS	A+	11	32
<b>Total</b>			<u>2,388,715</u>	<u>1,490,596</u>
			2019	2018
			-----%	-----
AAA			36.47	46.00
AA			0.01	31.00
A- to A+			-	-
AA- to AA+			63.52	23.00
Others			-	-
			<u>100.00</u>	<u>100.00</u>
<b>Investment in letter of placement</b>				
Pak Brunei Investment Company Limited	VIS	AA+	190,291	-
PAIR Investment Company Limited	PACRA	AA	150,999	-
			<u>341,290</u>	<u>-</u>
<b>Investment in term deposit receipts</b>				
Habib Metropolitan Bank Limited	PACRA	AA+	-	135,000
			<u>-</u>	<u>135,000</u>
<b>Profit receivable</b>			<u>21,992</u>	<u>3,058</u>
<b>Deposits and other receivables</b>			<u>1,275</u>	<u>1,672</u>

### 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.

### 25.3 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 unit holder'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 short term 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 unit holders' fund, the analysis below summarizes the Fund's financial liabilities into relevant maturity grouping as at 30 June 2019:

	2019			More than one year	Total
	Three months	Six months	One year		
	(Rupees in '000)				
<b>Financial Liabilities</b>					
Payable to Management Company	2,684	-	-	-	2,684
Payable to Central Depository Company of Pakistan Limited - Trustee	222	-	-	-	222
Accrued expenses and other payables	8,792	-	-	-	8,792
	<u>11,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,698</u>
Unit holders' fund	<u>2,725,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,725,431</u>
	2018				
	Three months	Six months	One year	More than one year	Total
	(Rupees in '000)				
<b>Financial Liabilities</b>					
Payable to the Management Company	998	-	-	-	998
Payable to Central Depository Company of Pakistan Limited - Trustee	169	-	-	-	169
Accrued expenses and other payables	1,861	-	-	-	1,861
	<u>3,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,028</u>
Unit holders' fund	<u>1,615,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,615,672</u>

### 25.4 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.

#### i) 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.

As at 30 June 2019, the balances that may be exposed to interest rate risk are as follows:

	2019	2018
	----(Rupees in '000)----	
<b>Variable rate instruments</b>		
Bank balances	<u>2,386,541</u>	<u>1,490,510</u>
<b>Fixed rate instrument</b>		
Letter of placements	<u>340,000</u>	<u>-</u>
Term deposit receipts	<u>-</u>	<u>135,000</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. 23.865 million (30 June 2018: Rs. 14.906 million), assuming all other variables held constant.

### Cash flow sensitivity analysis for fixed rate instrument

Short term investment with a bank is carried at amortised cost. Therefore a change in interest rate at the reporting date would not effect the income statement.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Market Association are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the effect on Funds net assets of future movements in interest rates. The fluctuation in interest rate of 100 basis points is reasonably possible in the current economic environment.

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						
Yield / Interest Rate	Exposed to yield / interest rate			Not exposed to yield / interest rate risk	Total	
	Up to three months	More than three months and up to	More than one year			
%	(Rupees in '000)					
On-balance sheet financial instruments						
Financial assets						
Bank balances	4.0-13.4	2,386,541	-	-	2,174	2,388,715
Investments	13.5-14.0	340,000	-	-	-	340,000
Profit receivable		-	-	-	21,992	21,992
Deposits and other receivables		-	-	-	1,275	1,275
Total financial assets		2,726,541	-	-	25,441	2,751,982
Financial liabilities						
Payable to the Management Company		-	-	-	2,684	2,684
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	222	222
Accrued expenses and other liabilities		-	-	-	8,792	8,792
Total financial liabilities		-	-	-	11,698	11,698
On-balance sheet gap		2,726,541	-	-	13,743	2,740,284
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
2018						
Yield / Interest Rate	Exposed to yield / interest rate			Not exposed to yield / interest rate	Total	
	Up to three months	More than three months	More than one year			
%	(Rupees in '000)					
On-balance sheet financial instruments						
Financial assets						
Bank balances	3.75-7.60	1,490,510	-	-	86	1,490,596
Investment	7.35	135,000	-	-	-	135,000
Profit receivable		-	-	-	3,058	3,058
Deposits and other receivables		-	-	-	1,672	1,672
Total financial assets		1,625,510	-	-	4,816	1,630,326
Financial liabilities						
Payable to the Management Company		-	-	-	998	998
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	222	222
Accrued expenses and other liabilities		-	-	-	1,861	1,861
Total financial liabilities		-	-	-	3,081	3,081
On-balance sheet gap		1,625,510	-	-	1,735	1,627,245
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

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

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.

**25.5 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.

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

		<b>Commission 2019 %</b>
<b>Name of Broker</b>		
Continental Exchange (Private) Limited		<b>31.00</b>
Bright Capital (Private) Limited		<b>12.79</b>
Vector Capital (Private) Limited		<b>11.51</b>
Pearl Securities Limited		<b>8.50</b>
Invest One Markets Limited		<b>7.06</b>
C & M Management (Private) Limited		<b>6.45</b>
Paramount Capital (Private) Limited		<b>5.67</b>
Icon Securities (Private) Limited		<b>4.54</b>
Magenta Capital (Private) Limited		<b>4.36</b>
JS Global Capital Limited		<b>3.63</b>
		<b>Commission 2018 %</b>
<b>Name of Broker</b>		
Bright Capital (Private) Limited		52.10
Invest Capital Markets Limited		20.05
C & M Management (Private) Limited		12.48
Currency Market Associates (Private) Limited		10.04
Next Capital Limited		2.35
Paramount Capital (Private) Limited		1.29
BIPL Securities Limited		0.94
EFG Hermes Pakistan Limited		0.75

**27 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>Qualifications</b>
1	Mr. Yasir Qadri	Chief Executive Officer	23	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	18	MBA, CFA
3	Mr. Muhammad Waseem	Acting Head of Research	5	BBA
4	Mr. Hadi Hassan Muki	Head of Risk Management Compliance, Information Security and Quality Assurance	19	B.COM
5	Mr. Asim Wahab Khan	Head of Investment Strategy & Equity	13	MBA, CFA
6	Mr. Usama Bin Razi	Head of Fixed Income Funds	15	MBA
7	Mr. Mubashir Anis	Fund Manager Equity	7	BSC, CFA
8	Syed Sheraz Ali	Fund Manager Senior Analyst	9	BS

\*Syed Sheraz Ali is Fund Manager of UBL Money Market Fund, UBL Income Opportunity Fund and UBL Financial Planning Fund

## 28 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 2019	06 May 2019
Name of Director	Meetings attended							
Mr. Azhar Hamid	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mirza Muhammad Sadeed Hassan Barlas*	1	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Imran Sarwar**	4	N/A	N/A	Yes	Yes	No	Yes	Yes
Mr. Tauqeer Mazhar**	3	N/A	N/A	Yes	Yes	No	No	Yes
Mr. Yasir Qadri	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Zia Ijaz*	0	No	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Sharjeel Shahid*	1	Yes	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Naz Khan	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Sadia Saeed**	5	N/A	N/A	Yes	Yes	Yes	Yes	Yes
Syed Furrukh Zaeem	6	Yes	Yes	Yes	No	Yes	Yes	Yes
<b>Name of Key Executives</b>								
Syed Muhammad Aly Osman	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Umair Ahmed	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes

\* Mr. Mirza Muhammad Sadeed Hassan Barlas, Mr. Zia Ijaz, and Mr. Sharjeel Shahid resigned on 09 October 2018

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

## 29 PATTERN OF UNIT HOLDERS

Category	2019		
	Unit holders	Units held	Percentage
Individuals	1,497	10,374,117	38.32
Associated companies and directors	4	234,819	0.87
Insurance companies	2	94,478	0.35
Non Banking Financial Companies	3	3,861,543	14.26
Retirement funds	26	3,509,885	12.97
Public limited companies	9	582,801	2.15
Others	18	8,413,490	31.08
	<b>1,559</b>	<b>27,071,133</b>	<b>100.00</b>
Category	2018		
	Unit holders	Units held	Percentage
Individuals	951	3,562,743	23.29
Associated companies and directors	4	227,776	1.49
Insurance companies	4	948,904	6.20
Non Banking Financial Companies	3	7,517,239	49.14
Retirement funds	15	2,046,864	13.38
Public limited companies	4	962,040	6.29
Others	2	33,299	0.21
	<b>983</b>	<b>15,298,865</b>	<b>100.00</b>

## 30 CREDIT RATING

The Management Company has been rated as 'AM1' on 27 December 2018 by VIS. The Fund has been rated as AA(f) by VIS on 31 December 2018.

## 31 GENERAL

### 31.1 Date of authorisation for issue

These financials statements were authorized for issue by 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

# UGSF

## UBL Government Securities Fund

### INVESTMENT OBJECTIVE

The objective of the fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities.

<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>	United Bank Limited Bank Alfalah Limited MCB Bank Limited Faysal Bank Limited Allied Bank Limited Habib Bank Limited - Islamic Banking Habib Metropolitan Bank Limited JS Bank Limited Meezan Bank Limited Samba Bank Limited Sindh Bank Limited Askari Bank Limited National Bank of Pakistan Limited Zarai Taraqati Bank Limited Soneri Bank Limited
<b>Management Co. Rating</b>	AM1 (JCR-VIS)
<b>Fund Rating</b>	A+(f) (JCR-VIS)

## Fund Manager's Report – UBL Government Securities Fund (UGSF)

- i) **Description of the Collective Investment Scheme category and type**  
Income / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**  
The objective of the fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities.
- 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
UGSF	5.48%	5.53%	5.99%	7.43%	5.65%	8.05%	10.63%	12.56%	8.89%	10.24%	1.30%	9.90%	7.55%
Benchmark	7.41%	7.85%	8.03%	9.00%	9.67%	10.44%	10.51%	10.63%	10.78%	11.07%	11.89%	12.83%	10.00%

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

UBL Government Securities Fund posted a return of 7.55% p.a. during FY19. The fund manager allocated 67% to Cash and 31% in PIBs at end of FY19. The weighted average maturity of the fund was 1.61 years by 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	4%	0%
PIBs	0%	31%
GOP Ijarah Sukuk	0%	0%
Reverse Repo	0%	0%
T-Bills	55%	0%
Cash	40%	67%
Others	0%	2%
Leverage	Nil	Nil



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

FY'19 Return:	7.55%
Standard Deviation (12m trailing):	0.41%
Sharpe Ratio (12m trailing):	(5.48)

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		%
1,533,514	1,877,040	(18.30)	105.7851	110.5634	(4.32)

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

**Debt Market Review 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.

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	
<i>Declared on</i>	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
23-June-2019		193,120	7.7695	113.3640	105.5945

- 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
	UGSF
0.0001 - 9,999.9999	2,634
10,000.0000 - 49,999.9999	141
50,000.0000 - 99,999.9999	18
100,000.0000 - 499,999.9999	13
500,000.0000 & Above	3
<b>Total</b>	<b>2,809</b>

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

There were no unit splits during the period.

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

Investment are subject to market risk.

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

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

## **PERFORMANCE TABLE**

### **UBL Government Securities Fund**

	2019	2018	2017
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>1,533,514</b>	<b>1,877,040</b>	3,339,182
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *</b>			
Class C units - Offer *	<b>106.9805</b>	111.8128	106.7878
- Redemption	<b>105.7851</b>	110.5634	105.5946
<b>RETURN OF THE FUND - %</b>			
Total Return of the Fund	<b>7.55</b>	<b>4.71</b>	4.81
Capital Growth (per unit)	<b>0.52</b>	<b>4.46</b>	(0.14)
Date of Income Distribution	<b>2-Jul-18</b>	-	26-Jun-17
Income Distribution	<b>4.97</b>		4.95
Date of Income Distribution	<b>24-Jun-19</b>	-	-
Income Distribution	<b>7.77</b>	-	-
<b>AVERAGE ANNUAL RETURN - %</b>			
One Year	<b>7.55</b>	<b>4.71</b>	4.81
Second Year	<b>6.13</b>	<b>4.76</b>	6.88
Third Year	<b>5.69</b>	<b>6.16</b>	4.64
Since inception	<b>7.06</b>	<b>6.13</b>	7.37
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees *</b>			
Highest price per unit - Class C units - Offer	<b>114.6096</b>	<b>111.8128</b>	111.6365
Highest price per unit - Class C units - Redemption	<b>113.3290</b>	<b>110.5634</b>	110.3891
Lowest price per unit - Class C units - Offer	<b>106.7877</b>	<b>106.7397</b>	106.6445
Lowest price per unit - Class C units - Redemption	<b>105.5945</b>	<b>105.5470</b>	105.4529

\* Front-end load @1% is applicable

### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

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

Bank Balances	<b>67</b>	<b>40</b>	33
Placements and Term Deposit Receipts	-	<b>5</b>	-
Government securities	<b>31</b>	<b>55</b>	67
Others	<b>2</b>	-	-

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

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

- The Launch date of Fund is 27 July 2011

## **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**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL GOVERNMENT SECURITIES 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 Government Securities 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 Government Securities 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 Government Securities 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 Furrugh 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**

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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.

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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 GOVERNMENT SECURITIES 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 Government Securities 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 Government Securities 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.	<b>Adoption of IFRS 9</b>  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".	Our audit procedures included the following: <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 debt instruments which represent 32% 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> <p>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.</p> <ul style="list-style-type: none"> <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 GOVERNMENT SECURITIES 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>ASSETS</b>			
Bank balances	5	1,109,748	1,645,436
Investments	6	525,571	2,277,353
Term deposit receipts	7	-	185,000
Mark up / interest receivable	8	25,236	5,142
Prepayments and other receivables	9	1,325	4,336
Advance tax	10	5,175	5,122
<b>TOTAL ASSETS</b>		<b>1,667,055</b>	<b>4,122,389</b>
<b>LIABILITIES</b>			
Payable to UBL Fund Managers Limited - Management Company	11	2,265	2,477
Payable to Central Depository Company of Pakistan Limited - Trustee	12	190	206
Payable to Securities and Exchange Commission of Pakistan	13	1,270	2,045
Accrued expenses and other liabilities	14	129,816	2,240,621
<b>TOTAL LIABILITIES</b>		<b>133,541</b>	<b>2,245,349</b>
<b>NET ASSETS</b>		<b>1,533,514</b>	<b>1,877,040</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,533,514</b>	<b>1,877,040</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15	----- <b>(Number of units)</b> -----	
<b>NUMBER OF UNITS IN ISSUE</b>	16	<b>14,496,497</b>	<b>16,977,050</b>
		----- <b>(Rupees)</b> -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>105.7851</b>	<b>110.5634</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 GOVERNMENT SECURITIES FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2019**

		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>INCOME</b>			
Financial income	17	168,791	170,724
Capital loss on sale of investments - net		(13,675)	(4,031)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	6.7	(3,173)	(394)
Other income		117	121
<b>Total income</b>		<b>152,060</b>	<b>166,420</b>
<b>EXPENSES</b>			
Remuneration of UBL Fund Managers Limited - Management Company	11.1	17,966	27,331
Sindh Sales tax on Management Company's remuneration	11.2	2,336	3,553
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12.1	2,283	3,158
Annual fee of Securities and Exchange Commission of Pakistan	13.1	1,270	2,045
Allocated expenses	19	1,694	2,726
Bank charges		162	276
Auditors' remuneration	18	468	448
Brokerage and settlement expenses		917	580
Legal and professional charges		208	152
Fee and subscription charges		310	310
Other expenses		16	42
<b>Total operating expenses</b>		<b>27,630</b>	<b>40,621</b>
<b>Net income from operating activities</b>		<b>124,430</b>	<b>125,799</b>
Provision for Sindh Workers' Welfare Fund	14.2	(2,441)	(2,468)
<b>Net income for the year before taxation</b>		<b>121,989</b>	<b>123,331</b>
Taxation	20	-	-
<b>Net income for the year after taxation</b>		<b>121,989</b>	<b>123,331</b>
<b>Allocation of net income for the year</b>			
Income already paid on units redeemed		(23,935)	(62,223)
<b>Net income for the year available for distribution</b>		<b>98,054</b>	<b>61,108</b>
Relating to capital gains		-	-
Excluding capital gains		98,054	61,108
Earnings per unit	21	98,054	61,108

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 GOVERNMENT SECURITIES FUND  
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	121,989	123,331
Other comprehensive income		
Items that may be reclassified subsequently to income statement	-	-
Items that will not be reclassified subsequently to income statement	-	-
Total comprehensive income for the year	<u>121,989</u>	<u>123,331</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 GOVERNMENT SECURITIES FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

	2019 ----- (Rupees in '000) -----	2018 ----- (Rupees in '000) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	121,989	123,331
Adjustments for:		
Financial income	(168,791)	(170,724)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	3,173	394
Capital loss on sale of investments - net	13,675	4,031
Provision for Sindh Workers' Welfare Fund	2,441	2,468
	(149,502)	(163,831)
<b>Cash used in operations before working capital changes</b>	(27,513)	(40,500)
<b>Working capital changes</b>		
<b>(Increase) / decrease in assets</b>		
Investments - net	(536,039)	756,133
Prepayments and other receivables	3,011	6,902
Advance tax	(53)	(3,614)
	(533,081)	759,421
<b>(Decrease) / increase in liabilities</b>		
Payable to UBL Fund Managers Limited - Management Company	(212)	(2,214)
Payable to Central Depository Company of Pakistan Limited - Trustee	(16)	(135)
Annual fee payable to Securities and Exchange Commission of Pakistan	(775)	(5,881)
Accrued expenses and other liabilities	(2,113,246)	2,118,541
	(2,114,249)	2,110,311
Profit received on bank balances and investments	148,697	174,291
<b>Net cash (used in) / generated from operating activities</b>	(2,526,146)	3,003,523
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	1,164,288	1,571,191
Payments against redemption of units	(1,436,683)	(3,156,664)
Dividend paid	(193,120)	-
<b>Net cash used in financing activities</b>	(465,515)	(1,585,473)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(2,991,661)	1,418,050
<b>Cash and cash equivalents at the beginning of the year</b>	4,101,409	2,683,359
<b>Cash and cash equivalents at the end of the year</b>	1,109,748	4,101,409
<b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	1,109,748	1,645,436
Term deposit receipts	-	185,000
Market Treasury Bills	-	2,270,973
	1,109,748	4,101,409

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 GOVERNMENT SECURITIES FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	2019			2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,609,216	267,824	1,877,040	3,132,466	206,716	3,339,182
Issuance of 10,620,807 units (2018: 14,557,840 units)						
Capital value of units	1,121,500	-	1,121,500	1,537,229	-	1,537,229
Element of income						
Due to net income earned	42,788	-	42,788	33,962	-	33,962
<b>Total proceeds on issuance of units</b>	<b>1,164,288</b>		<b>1,164,288</b>	<b>1,571,191</b>		<b>1,571,191</b>
Redemption of 13,101,360 units (2018: 29,203,433 units)						
Capital value of units	(1,383,433)	-	(1,383,433)	(3,083,724)	-	(3,083,724)
Element of loss						
Due to net income earned	(29,315)	(23,935)	(53,250)	(10,717)	(62,223)	(72,940)
<b>Total payments on redemption of units</b>	<b>(1,412,748)</b>	<b>(23,935)</b>	<b>(1,436,683)</b>	<b>(3,094,441)</b>	<b>(62,223)</b>	<b>(3,156,664)</b>
Total comprehensive income for the year	-	121,989	121,989	-	123,331	123,331
Distributions during the year:						
Annual distribution for the year ended June 30, 2018 at Rs. 4.9688 per unit declared on July 2, 2018 as cash dividend	(23,040)	(61,316)	(84,356)	-	-	-
Interim distribution at Rs. 7.7695 per unit declared on June 23, 2019 as cash dividend	(13,466)	(95,298)	(108,764)	-	-	-
<b>Net income for the year less distribution</b>	<b>(36,506)</b>	<b>(34,625)</b>	<b>(71,131)</b>	<b>-</b>	<b>123,331</b>	<b>123,331</b>
<b>Net assets at the end of the year</b>	<b>1,324,250</b>	<b>209,264</b>	<b>1,533,514</b>	<b>1,609,216</b>	<b>267,824</b>	<b>1,877,040</b>
Undistributed income brought forward comprises of:						
Realised gain		268,218	268,218		201,669	201,669
Unrealised (loss) / gain		(394)	(394)		5,047	5,047
Total undistributed income brought forward		267,824	267,824		206,716	206,716
<b>Income available for distribution:</b>						
Relating to capital gains	-	-	-	-	-	-
Excluding capital gains	98,054	98,054	98,054	61,108	61,108	61,108
Distributions during the year:						
Annual distribution for the year ended June 30, 2018 at Rs. 4.9688 per unit declared on July 2, 2018 as cash dividend		(61,316)	(61,316)	-	-	-
Interim distribution at Rs. 7.7695 per unit declared on June 23, 2019 as cash dividend		(95,298)	(95,298)	-	-	-
<b>Undistributed income carried forward</b>		<b>209,264</b>	<b>209,264</b>		<b>267,824</b>	<b>267,824</b>
<b>Undistributed income carried forward comprises of:</b>						
Realised gain		212,437	212,437		268,218	268,218
Unrealised loss		(3,173)	(3,173)		(394)	(394)
<b>Total undistributed income carried forward</b>		<b>209,264</b>	<b>209,264</b>		<b>267,824</b>	<b>267,824</b>
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year		110.5634			105.5946	
Net assets value per unit at the end of the year		105.7851			110.5634	

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 GOVERNMENT SECURITIES 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 Government Securities Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-ended mutual fund. It was constituted under the Trust Deed, dated May 19, 2011 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 Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The Fund commenced its operations from July 7, 2011. The registered office of the Management Company is situated at the 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi, Pakistan.
- 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 income 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 income scheme in accordance with Circular No. 7 of 2009 issued by the SECP.
- 1.4 The objective of the Fund is to generate a competitive return with minimum risk, by investing primarily in Government Securities. The weighted average time to maturity of the Fund's investment shall not exceed 4 years and this shall also apply to Government Securities. This is intended to reduce risk while providing competitive returns and maintaining liquidity.
- 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, the provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984 and 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 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 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 4.7 and 20 to these financial statements.

### **Workers' Welfare Fund**

For details please refer note 14.2 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 Standards / Amendments that are effective in current year and are 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:

		<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
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



		<b>Effective date (annual periods beginning on or after)</b>
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

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

		<b>Effective date (annual periods beginning on or after)</b>
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
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
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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 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 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 (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.
<b>Debt investments at FVOCI</b>	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 income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to 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 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
<b>Financial assets</b>					
Investments	(a)	Held for Trading	Fair value through profit or loss	2,277,353	2,277,353
Bank balances	(b)	Loans and receivables	Amortised cost	1,645,436	1,645,436
Term Deposit	(b)	Loans and receivables	Amortised cost	185,000	185,000
Mark up / interest	(b)	Loans and receivables	Amortised cost	5,142	5,142
Other receivables	(b)	Loans and receivables	Amortised cost	4,272	4,272
				<u>4,117,203</u>	<u>4,117,203</u>

(a) These financial assets classified as 'held for trading' have been classified as fair value through profit and 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.

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.

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.

#### **4.2.1.4 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.

#### **4.2.2 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 Securities under repurchase / resale agreements**

Transactions of purchase under resale (reverse-repo) of marketable and Government securities, are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement on a time proportionate basis.

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

### **4.7 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.

#### **4.8 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 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 year end.



#### 4.12 Revenue recognition

- Gains / (losses) arising on sale of investments is accounted for in the year 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.
- Unrealised (loss) / gain on revaluation of investments classified as financial assets at 'fair value through other comprehensive income' is included in the unit holders' fund through other comprehensive income in the year in which it arises.
- Income on reverse repurchase lending arrangements, certificates of investment, placements, Government securities and investments in debt securities is recognised at rate of return implicit in the instrument / arrangement on a time proportionate basis.
- Profit 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 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 provisions of NBFC Regulations and the Trust Deed respectively.

	Note	2019 ----- (Rupees in '000) -----	2018
<b>5 BANK BALANCES</b>			
Cash at bank			
In savings accounts	5.1	<u>1,109,748</u>	<u>1,645,436</u>

- 5.1 Profit rates on these savings accounts range from 3.75% to 13.4% per annum (June 30, 2018: 3.75% to 7.4% per annum). This includes an amount held by a related party (United Bank Limited) amounting to Rs. 1.992 million (June 30, 2018: Rs. 2.459 million) on which return is earned at 8.25% (June 30, 2018: 4%) per annum.

	Note	2019 ----- (Rupees in '000) -----	2018
<b>6 INVESTMENTS</b>			
6.1 Government securities classified as financial asset at fair value through profit or loss (June 30, 2018: Government securities designated at fair value through profit or loss).			
Pakistan Investment Bonds	6.2, 6.3 & 6.4	519,324	-
Market Treasury Bills	6.2 & 6.5	-	2,270,973
GOP Ijarah Sukuk	6.2 & 6.6	6,247	6,380
		<u>525,571</u>	<u>2,277,353</u>

**6.2 Details of Government securities are as follows:**

Name of security	Note	At the beginning of the year	Acquired during the year	Sold / matured during year	At the end of the year	Market value as at June 30, 2019	Market value as at June 30, 2018	Percentage of investment
		No. of holdings				(Rupees in '000)		
<b>Pakistan Investment Bonds</b>								
PIB-3 Years	6.3 & 6.4	-	15,975	12,375	3,600	319,804	-	60.85%
PIB-5 Years	6.3 & 6.4	-	-	-	-	-	-	0.00%
PIB- 10 Years	6.3 & 6.4	-	7,000	5,000	2,000	199,520	-	37.96%
<b>Market Treasury Bills</b>								
T-bill 3 months	6.5	22,780	162,640	185,420	-	-	2,270,973	0.00%
T-bill 6 months	6.5	-	-	-	-	-	-	0.00%
T-bill 1 year	6.5	-	-	-	-	-	-	0.00%
<b>GOP Ijarah Sukuk</b>	6.6							
3 Year		65	-	-	65	6,247	6,380	1.19%
		<u>22,845</u>	<u>185,615</u>	<u>202,795</u>	<u>5,665</u>	<u>525,571</u>	<u>2,277,353</u>	<u>100.00%</u>

- 6.3 These comprise of fixed and floating rate Pakistan Investment Bonds (PIBs) having face value amounting to Rs. 360.000 million and Rs. 200.000 million respectively (June 30, 2018: Nil) and carry interest rates ranging from 12.50% to 13.88% and 8.55% respectively (June 30, 2018: Nil).
- 6.4 These PIBs have nominal value of Rs.100,000 each.
- 6.5 As at June 30, 2019, face value of Market Treasury Bills (T-bills) was Nil (June 30, 2018: Rs. 2,278 million) carrying purchase yield Nil (June 30, 2018: 6.26% to 6.55% per annum).
- 6.6 As at June 30, 2019, GOP Ijarah Sukuk had a face value of Rs. 6.500 million (June 30, 2018: Rs 6.500 million) and carry purchase yield of 5.24% per annum (June 30, 2018: 5.24% per annum).
- 6.7 Unrealised loss on revaluation of investment classified as 'at fair value through profit or loss' - net**

Market value of investments	525,571	2,277,353
Less: Cost / amortized cost of investments	(528,744)	(2,277,747)
	<u>(3,173)</u>	<u>(394)</u>

		2019	2018
	Note	----- (Rupees in '000) -----	
<b>7</b>	<b>TERM DEPOSIT RECEIPTS</b>		
		185,000	-
		-	470,000
		(185,000)	(285,000)
	7.1	<u>-</u>	<u>185,000</u>

7.1 This term deposit receipt carried interest at the rate of 7.35% per annum and matured on July 20, 2018.

## **8 MARK UP / INTEREST RECEIVABLE**

Markup / interest receivable on:

Savings accounts	6,011	4,731
Term deposit receipts	-	410
Pakistan Investment Bonds	19,224	-
GOP Ijarah Sukuk	1	1
	<u>25,236</u>	<u>5,142</u>

## **9 PREPAYMENTS AND OTHER RECEIVABLES**

Prepaid credit rating fees	64	64
Receivable against issuance of units	1,261	2,027
Other receivable	-	2,245
	<u>1,325</u>	<u>4,336</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, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 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.

		2019	2018
	Note	----- (Rupees in '000) -----	
<b>11</b>	<b>PAYABLE TO UBL FUND MANAGERS LIMITED- MANAGEMENT COMPANY</b>		
Remuneration payable (including Sindh Sales tax)	11.1 & 11.2	1,881	1,822
Conversion charges payable		151	145
Allocated expenses payable	19	142	328
Sales load payable		74	165
Other payable		17	17
		<u>2,265</u>	<u>2,477</u>

11.1 As per NBFC Regulations, the Management Company is entitled to remuneration of an amount not exceeding 1.5% of average annual net assets of the Fund. The Management Company has charged remuneration at the rate of 10% of the gross earnings of the Fund calculated on a daily basis with a floor and cap of 1% and 1.25% on average daily net assets, respectively.

11.2 Sindh Sales Tax has been levied at 13% on the management fee charged during the year.

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

Trustee fee payable	12.1	<u>190</u>	<u>206</u>
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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 structure applicable to the Fund in respect of the Trustee fee during the year ended June 30, 2019 is as follows:

Up to Rs. 1,000 million	0.15% p.a. of NAV
Rs. 1,000 million to Rs. 10,000 million	Rs. 1.5 million plus 0.075% p.a. of NAV exceeding Rs. 1,000 million
Exceeding Rs. 10,000 million	Rs. 8.25 million plus 0.06% p.a. of NAV exceeding Rs. 10,000 million

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.

		2019	2018	
	Note	----- (Rupees in '000) -----		
13	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
	Annual fee payable	13.1	1,270	2,045
13.1	Under the provisions of the NBFC Regulations, a collective investment scheme classified as income 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.			
14	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
	Payable against purchase of investments		44,307	2,163,787
	Provision for indirect duties and taxes	14.1	52,558	52,558
	Provision for Sindh Workers' Welfare Fund	14.2	19,455	17,014
	Payable against redemption of units		-	5,530
	Zakat deducted at source payable		454	796
	Capital gains tax payable		101	467
	Auditors' remuneration payable		308	290
	Brokerage expense payable		343	167
	Sales load payable	14.3	334	1
	Payable against legal expenses and professional fees		61	11
	Withholding tax payable		11,887	-
	Other payables		8	-
			129,816	2,240,621

- 14.1 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company was levied with effect from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter was collectively taken up by the Management Company jointly with other Asset Management Companies and Trustees of respective Collective Investment Schemes (CISs), through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) during September 2013. In this respect, the SHC had issued a stay order against the recovery of FED due to which the Fund has not made any payments for FED upto June 30, 2016.

On June 30, 2016, the Honorable Sindh High Court of Pakistan had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs.52.558 million until the matter is resolved. Had the provision not been retained, the net asset value per unit of the Fund as at June 30, 2019 would have been higher by Rs. 3.333 per unit (June 30, 2018: Rs. 2.846 per unit).

Through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Therefore, provision for FED has not been recorded in these financial statements from July 01, 2016 onwards.

## **14.2 Provision For Workers' Welfare Fund**

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan. The Honorable Lahore High Court (LHC) and the Honorable Sindh High Court (SHC) arrived at different conclusions in respect of the validity of the amendments made through the Finance Act in relation to the WWF. Both the decisions of the LHC and the SHC were challenged in the Honorable Supreme Court of Pakistan (SCP).

The Honorable SCP passed a judgment on November 10, 2016, declaring the insertion of amendments introduced through Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. Subsequently, the Federal Board of Revenue (FBR) has filed a review petition in the Honorable SCP against the said judgment, which is pending adjudication.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (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 WWF and SWWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters and based on such legal advice, has recommended to all its members on January 12, 2017 the following:

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

The above decisions were 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 in the financial statements of Mutual Funds. Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017.

Had the provision against SWWF not been made, the net assets value per unit would have been higher by Re. 1.342 per unit (June 2018: Re 1.002 per unit).

- 14.3 This includes sales load payable to United Bank Limited and Al-Ameen Islamic Financial Services (Private) Limited amounting to Rs. 0.279 million (June 30, 2018: Rs. 0.001 million) and Rs. 0.003 million (June 30, 2018: Nil).

## 15 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>16 NUMBER OF UNITS IN ISSUE</b>		
Total units in issue at the beginning of the year	16,977,050	31,622,643
Add: Units issued	10,620,807	14,557,840
Less: Units redeemed	(13,101,360)	(29,203,433)
Total units in issue at the end of the year	<u>14,496,497</u>	<u>16,977,050</u>

----- (Rupees in '000) -----

## 17 FINANCIAL INCOME

Markup / interest income on:

Bank balances	37,613	36,807
Term deposit receipts	708	5,079
Pakistan Investment Bonds	23,723	1,686
Market Treasury Bills	106,406	119,301
GOP Ijarah Sukuks	341	7,851
	<u>168,791</u>	<u>170,724</u>

## 18 AUDITORS' REMUNERATION

Annual audit fee	179	179
Fee for half yearly review	96	96
Fee for review of compliance with the requirements of the Code of Corporate Governance	48	48
Fee for other certifications / services	41	41
Out of pocket expense and sales tax	104	84
	<u>468</u>	<u>448</u>

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

## **21 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.

## **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 1.78% as on June 30, 2019 and this includes 0.38% 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 at '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	1,109,748	-	1,109,748
Investments	-	525,571	525,571
Other receivables	1,261	-	1,261
Mark up / interest receivable	25,236	-	25,236
	1,136,245	525,571	1,661,816

Particulars	As at June 30, 2019		
	Financial liabilities 'at fair value through profit or loss'	Amortised cost	Total
Rupees in '000			
<b>Financial liabilities</b>			
Payable to UBL Fund Managers Limited - Management Company	-	2,049	2,049
Payable to Central Depository Company of Pakistan Limited - Trustee	-	168	168
Accrued expenses and other liabilities	-	45,361	45,361
	-	47,578	47,578

Particulars	As at June 30, 2018		
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
Rupees in '000			
<b>Financial assets</b>			
Bank balances	1,645,436	-	1,645,436
Investments	-	2,277,353	2,277,353
Term deposit receipts	185,000	-	185,000
Other receivables	4,272	-	4,272
Mark up / interest receivable	5,142	-	5,142
	1,839,850	2,277,353	4,117,203

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	-	2,267	2,267
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	182	182
Accrued expenses and other liabilities	-	2,169,786	2,169,786
	-	2,172,235	2,172,235

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

		June 30, 2019 (Percentage)
1	Continental Exchange (Private) Limited	30.71%
2	Bright Capital (Private) Limited	18.92%
3	Invest One Markets Limited	11.51%
4	Pearl Securities Limited	8.44%
5	Paramount Capital (Private) Limited	6.07%
6	BIPL Securities Limited	3.78%
7	Magenta Capital (Private) Limited	3.76%
8	Icon Securities (Private) Limited	3.46%
9	Vector Capital (Private) Limited	3.08%
10	Arif Habib Limited	2.56%
		<b>92.29%</b>
		June 30, 2018 (Percentage)
1	Bright Capital (Private) Limited	34.36%
2	BIPL Securities Limited	8.34%
3	Continental Exchange (Private) Limited	7.53%
4	Invest One Markets Limited	7.45%
5	Currency Market Associates (Private) Limited	7.07%
6	JS Global Capital Limited	7.06%
7	Paramount Capital (Private) Limited	4.60%
8	Next Capital Limited	4.38%
9	Vector Capital (Private) Limited	4.11%
10	Invest Capital Markets Limited	4.02%
		<b>88.92%</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:

	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 Capital Protected Fund III, UBL Retirement Savings Fund, UBL Special Savings Fund, Al-Ameen Islamic Aggressive Income Fund and Al-Ameen Islamic Asset Allocation Fund.

## 26 PATTERN OF UNIT HOLDING

Category	June 30, 2019		
	Number of unit holders	Number of units held	Percentage of units held
Director and key executive	2	62,658	0.43%
Individuals	2,774	10,799,015	74.49%
Public limited companies	3	3,744	0.03%
Retirement funds	17	1,649,144	11.38%
Others	13	1,981,935	13.67%
	2,809	14,496,496	100%

Category	June 30, 2018		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	1	963	0.01%
Associated Companies and Directors	2,798	13,313,171	78.42%
Retirement funds	13	1,749,730	10.31%
Public limited companies	1	0.32	0.00%
Others	17	1,913,186	11.27%
	2,830	16,977,050	100.00%

## 27 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), the 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 provisions of 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	-	298	-	-	-	-
Bank charges	-	48	-	-	-	-
Units issued	-	-	-	-	6,956	14,731
Units redeemed	-	-	-	-	4	15,000
Sales load paid	503	10	-	-	-	-
Dividend paid	-	-	-	-	458	50,786
Purchase of securities	-	-	-	491,648	-	-
Sale of securities	-	-	-	-	-	-
Remuneration (including Sindh sales tax)	20,302	-	2,283	-	-	-
Allocated expenses	1,694	-	-	-	-	-
Listing fee	-	25	-	-	-	-
<b>Transactions during the year ended June 30, 2018</b>						
Profit on savings accounts	-	509	-	-	-	-
Bank charges	-	115	-	-	-	-
Units issued	-	-	-	-	7	460,795
Units redeemed	265,447	-	-	-	8	42,108
Sales load paid	943	580	-	-	-	-
Purchase of securities	-	246,600	-	2,884,958	-	-
Sale of securities	-	-	-	99,884	-	-
Remuneration (including Sindh sales tax)	30,884	-	3,158	-	-	-
Allocated expenses	2,726	-	-	-	-	-
Listing fee	-	25	-	-	-	-
<b>Balances held as at June 30, 2019</b>						
Units held (in Units '000)	-	-	-	-	63	3,987
Units held (in Rupees '000)	-	-	-	-	6,664	421,765
Bank balances	-	1,992	-	-	-	-
Remuneration payable	1,881	-	190	-	-	-
Sales load payable	126	282	-	-	-	-
Conversion charges payable	151	-	-	-	-	-
Allocated expenses payable	142	-	-	-	-	-
Other payables	17	-	-	-	-	-
Profit receivable	-	45	-	-	-	-
<b>Balances held as at June 30, 2018</b>						
Units held (in Units '000)	-	-	-	-	1	3,997
Units held (in Rupees '000)	-	-	-	-	106	441,872
Bank balances	-	2,459	-	-	-	-
Remuneration payable	1,822	-	206	-	-	-
Sales load payable	165	1	-	-	-	-
Conversion charges payable	145	-	-	-	-	-
Allocated expenses payable	328	-	-	-	-	-
Other payables	17	-	-	-	-	-
Profit receivable	-	18	-	-	-	-

## 28 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>								
Azhar Hamid	✓	✓	✓	✓	✓	✓	✓	7
Mirza Muhammad Sadeed Hassan Barlas*	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Imran Sarwar**	N/A	N/A	✓	✓	x	✓	✓	4
Tauqeer Mazhar**	N/A	N/A	✓	✓	x	x	✓	3
Yasir Qadri	✓	✓	P	P	P	P	P	7
Zia Ijaz*	x	N/A	N/A	N/A	N/A	N/A	N/A	0
Sharjeel Shahid*	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Naz Khan	✓	✓	✓	✓	✓	✓	✓	7
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

## 29 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 and 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 and Government securities. 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 13.40% 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. 11.10 million (2018: Rs. 18.30 million).

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

Fixed rate instruments held as at June 30, 2019 include Pakistan Investment Bonds and GOP Ijarah Sukuks. The Fund's income from these investments is substantially independent of changes in market interest rates, except for changes if any as a result of fluctuation in respective fair values.

In case of 100 basis points increase in rates announced by the Financial Market Association on June 30, 2019, with all other variables held constant, the net income for the year and the net assets would be lower by Rs. 5.26 million (2018: Rs. 22.77 million). In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2019, with all other variables held constant, the net income for the year and the net assets would be higher by Rs. 5.26 million (2018: Rs. 22.77 million).

The composition of the aforementioned Fund's investment portfolio and rates announced by the Financial Market Association are expected to change over time. Therefore, the sensitivity analysis is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

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	
<hr/>						
	%					
<hr/>						
On-balance sheet financial instruments						
<hr/>						
Financial assets						
Bank balances	3.75 - 13.4	1,109,748	1,109,748	-	-	-
Investments	5.24 - 13.88	525,571	-	-	525,571	-
Mark-up / interest receivable		25,236	-	-	-	25,236
Other receivables		1,261	-	-	-	1,261
Sub total		1,661,816	1,109,748	-	525,571	26,497
<hr/>						
Financial liabilities						
Payable to UBL Fund Managers Limited - Management Company		2,049	-	-	-	2,049
Payable to Central Depository Company of Pakistan Limited - Trustee		168	-	-	-	168
Accrued expenses and other liabilities		45,361	-	-	-	45,361
Sub total		47,578	-	-	-	47,578
On-balance sheet gap (a)		1,614,238	1,109,748	-	525,571	(21,081)
Off-balance sheet financial instrument		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		-	1,109,748	-	525,571	-
Cumulative interest rate sensitivity gap		-	1,109,748	-	525,571	-

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	
	%					
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	3.75 - 7.4	1,645,436	1,645,436	-	-	-
Investments	6.63-6.75	2,277,353	2,270,973	-	6,380	-
Term deposit receipts	7.35	185,000	185,000	-	-	-
Mark-up / interest receivable		5,142	-	-	-	5,142
Other receivables		4,272	-	-	-	4,272
<b>Sub total</b>		4,117,203	4,101,409	-	6,380	9,414
<b>Financial liabilities</b>						
Payable to UBL Fund Managers Limited - Management Company		2,267	-	-	-	2,267
Payable to Central Depository Company of Pakistan Limited - Trustee		182	-	-	-	182
Accrued expenses and other liabilities		2,169,786	-	-	-	2,169,786
<b>Sub total</b>		2,172,235	-	-	-	2,172,235
<b>On-balance sheet gap (a)</b>		1,944,968	4,101,409	-	6,380	(2,162,821)
<b>Off-balance sheet financial instrument</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a) + (b)</b>		-	4,101,409	-	6,380	-
<b>Cumulative interest rate sensitivity gap</b>		-	4,101,409	-	6,380	-

### 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 is not exposed to the risk as its constitutive documents prohibit it from investing in equity securities.

### 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 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.

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

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	2,049	-	-	2,049
Payable to Central Depository Company of Pakistan Limited - Trustee	168	-	-	168
Accrued expenses and other liabilities	45,361	-	-	45,361
<b>Total liabilities</b>	<b>47,578</b>	<b>-</b>	<b>-</b>	<b>47,578</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	2,267	-	-	2,267
Payable to Central Depository Company of Pakistan Limited - Trustee	182	-	-	182
Accrued expenses and other liabilities	2,169,786	-	-	2,169,786
<b>Total liabilities</b>	<b>2,172,235</b>	<b>-</b>	<b>-</b>	<b>2,172,235</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'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'. Investment in Government securities, however, are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

- 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
Rupees in '000			
Allied Bank Limited	PACRA	13	AAA
Bank Alfalah Limited	PACRA	4,274	AA+
Habib Metropolitan Bank Limited	PACRA	12	AA+
JS Bank Limited	PACRA	601,189	AA-
United Bank Limited	JCR-VIS	1,992	AAA
Habib Bank Limited	JCR-VIS	440,813	AAA
Faysal Bank Limited	JCR-VIS	22	AA
MCB Bank Limited	PACRA	917	AAA
Samba Bank Limited	JCR-VIS	222	AA
Sindh Bank Limited	JCR-VIS	11	A+
Zarai Taraqiati Bank Limited	JCR-VIS	7	AAA
National Bank of Pakistan	JCR-VIS	235	AAA
Soneri Bank Limited	PACRA	60,029	AA-
Askari Bank Limited	PACRA	6	AA+
Meezan Bank Limited	JCR-VIS	6	AA+
		<u>1,109,748</u>	

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

Rating by rating category	2019 ----- (Percentage) -----	2018
A	-	6
AAA	40.000	35
AA+	0.387	24
AA-	59.583	6
AA	0.022	29
A+	0.001	-
	<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 bank balances are held with two Banks. The management believes that these banks are reputed institutions.

## **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:

- 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 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 Measurement), 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)

	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>Government securities classified as financial asset at fair value through profit or loss (June 30, 2018: Government securities designated at fair value through profit or loss)</b>						
Pakistan Investment Bonds	-	519,324	-	-	-	-
Market Treasury Bills	-	-	-	-	2,270,973	-
GOP Ijarah Sukuks	-	6,247	-	-	6,380	-
	-	525,571	-	-	2,277,353	-

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**

# UIOF

## UBL Income Opportunity Fund

### INVESTMENT OBJECTIVE

The Objective of UBL Income Opportunity Fund is to provide a competitive rate of return to its investors by investing in quality TFCs / Sukuk, Government Securities, Bank Deposits, and short and long term debt instruments.

<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>	Ernst & Young Ford Rhodes, Chartered Accountants
<b>Bankers</b>	United Bank Limited Bank Alfalah Limited Faysal Bank Limited Telenor MicroFinance Bank Allied Bank Limited Khushhali Bank Ltd. MCB Bank Limited JS Bank Limited Samba Bank Limited Habib Bank Limited Sindh Bank Limited Zarai Taraqati Bank Limited Soneri Bank Limited National bank of Pakistan Limited
<b>Management Co.Rating</b>	AM1 (JCR-VIS)
<b>Fund Rating</b>	A- (f) (JCR-VIS)

## Fund Manager's Report – UBL Income Opportunity Fund (UIOF)

- i) **Description of the Collective Investment Scheme category and type**  
Income / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**  
The Objective of UBL Income Opportunity Fund is to provide a competitive rate of return to its investors by investing in quality TFCs / Sukuk, Government Securities, Bank Deposits, and short and long term debt instruments.
- 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 KIBOR 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
UIOF	6.58%	6.67%	6.91%	8.10%	8.03%	9.07%	9.59%	9.59%	9.27%	9.86%	6.87%	11.63%	8.49%
Benchmark	7.45%	7.92%	8.10%	9.32%	9.74%	10.50%	10.64%	10.73%	10.77%	11.12%	11.93%	12.93%	10.09%

- vi) **Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance**  
Fund posted a return of 8.49% p.a. during FY19. The fund manager had 77% in cash at the end of FY19. The weighted average maturity of the fund was 0.22 year.
- 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
Term Finance Certificates / Sukuks	4%	3%
Placements with Banks	0%	12%
Placements with DFIs	0%	7%
PIBs	0%	0%
GoP Ijarah Sukuk	0%	0%
T-Bills	0%	0%
Cash	57%	77%
Others	5%	2%
MTS Exposure	34%	0%

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

FY'19 Return:	8.49%
Standard Deviation (12m trailing):	0.13%
Sharpe Ratio (12m trailing):	(10.05)

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		%
833,260	557,268	49.53	110.1983	114.7192	(3.94)

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

**Debt Market Review 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.

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-	
02 July, 2018	-	23,733	4.7439	114.7192	109.9753
23 June, 2019	-	62,474	9.0898	119.0651	109.9753

- 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
	UIOF
0.0001 - 9,999.9999	350
10,000.0000 - 49,999.9999	23
50,000.0000 - 99,999.9999	7
100,000.0000 - 499,999.9999	6
500,000.0000 & Above	1
<b>Total</b>	<b>387</b>

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

There were no unit splits during the period.

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

Investment are subject to market risk.

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

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



## **PERFORMANCE TABLE**

### UBL Income Opportunity Fund

	2019	2018	2017
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>833,260</b>	557,268	177,366
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees</b>			
Class A units - Offer *	<b>112.0717</b>	116.6694	111.8449
- Redemption	<b>110.1983</b>	114.7192	109.9753
<b>RETURN OF THE FUND - %</b>			
Total Return of the Fund	<b>8.49</b>	4.31	4.73
Capital Growth (per unit)	<b>0.57</b>	4.31	0.18
Date of Income Distribution	<b>02-Jul-18</b>	-	19-Jun-17
Income Distribution	<b>4.7439</b>	-	5.00
Date of Income Distribution	<b>24-Jun-19</b>	-	-
Income Distribution	<b>9.0898</b>	-	-
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
<b>AVERAGE ANNUAL RETURN - %</b>			
One Year	<b>8.49</b>	4.31	4.73
Second Year	<b>6.40</b>	4.52	6.21
Third Year	<b>5.84</b>	5.58	7.76
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees</b>			
Highest price per unit - Class A units - Offer	<b>121.0469</b>	116.6694	116.7975
Highest price per unit - Class A units - Redemption	<b>119.0235</b>	114.7192	114.8451
Lowest price per unit - Class A units - Offer	<b>111.8449</b>	111.8768	111.5322
Lowest price per unit - Class A units - Redemption	<b>109.9753</b>	110.0067	109.6678

\* Front-end load @ 1.5% is applicable

### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

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

Bank Balances	<b>77.00</b>	57.00	80.00
TFC'S & Government Securities	<b>3.00</b>	4.00	17.00
Others	<b>20.00</b>	39.00	3.00

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

Debt Market	<b>100.00</b>	100.00	100.00
-------------	---------------	--------	--------

Note:

- The Launch date of Fund is 29 March 2013.

## **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**

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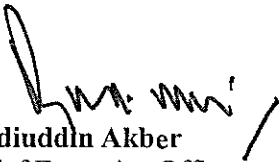
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL INCOME OPPORTUNITY 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 Income Opportunity 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 Income Opportunity 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 Income Opportunity 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**

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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.

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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 Income Opportunity 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 Income Opportunity 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 Funds for the year ended 30 June 2019.



Chartered Accountants

Place: Karachi

Date: 23 September 2019



## INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Income Opportunity Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **UBL Income Opportunity 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 debt securities) 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>

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.</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 INCOME OPPORTUNITY FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2019**

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018
<b>ASSETS</b>			
Bank balances	7	648,809	326,966
Investments	8	184,264	21,908
Mark-up receivable	9	8,609	3,280
Advance tax	10	236	224
Deposits, prepayments and other receivables	11	4,869	25,163
Receivable against margin trading system (MTS)		-	192,347
<b>Total assets</b>		<b>846,787</b>	<b>569,888</b>
<b>LIABILITIES</b>			
Payable to the Management Company	12	1,389	434
Payable to the Trustee	13	131	94
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	14	1,090	249
Accrued and other liabilities	15	10,917	11,843
<b>Total liabilities</b>		<b>13,527</b>	<b>12,620</b>
<b>NET ASSETS</b>		<b>833,260</b>	<b>557,268</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>833,260</b>	<b>557,268</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		
<b>----- (Number of units) -----</b>			
<b>NUMBER OF UNITS IN ISSUE</b>		<b>7,561,461</b>	<b>4,857,673</b>
<b>----- (Rupees) -----</b>			
<b>NET ASSETS VALUE PER UNIT</b>		<b>110.1983</b>	<b>114.7192</b>

The annexed notes from 1 to 25 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 INCOME OPPORTUNITY FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018
<b>INCOME</b>			
Financial income:			
- Bank balances		131,992	12,815
- Term Deposit Receipts		6,895	605
- Government Securities		3,920	7,737
- Term Finance Certificates		2,052	1,998
Unrealised loss on revaluation of investments classified as at fair value through profit or loss' - net		(214)	(259)
(Loss) / gain on redemption / sale of investments classified as at fair value through profit or loss' - net		(613)	95
Other income		471	60
<b>Total income</b>		<b>144,503</b>	<b>23,051</b>
<b>EXPENSES</b>			
Remuneration of the Management Company	12.1	14,447	2,804
Sales tax on management fee	12.2	1,878	365
Allocated expenses by the Management Company	12.3	1,453	-
Selling and marketing expenses	12.4	1,110	-
Remuneration of the Trustee	13.1	2,056	565
Sales tax on remuneration of the Trustee	13.2	267	73
Amortization of preliminary expenses and floatation costs		-	190
Annual fee to SECP	14	1,090	249
Brokerage expenses		79	63
Custody and settlement charges		817	1,381
Listing fee		27	28
Auditors' remuneration	18	363	323
Legal and professional charges		208	152
Bank charges and other expenses		265	246
<b>Total expenses</b>		<b>24,060</b>	<b>6,439</b>
<b>Net income for the year from operating activities</b>		<b>120,443</b>	<b>16,612</b>
Provision for Sindh Workers' Welfare Fund (SWWF)	15.2	(2,362)	(325)
<b>Net income for the year before taxation</b>		<b>118,081</b>	<b>16,287</b>
Taxation	19	-	-
<b>Net income for the year after taxation</b>		<b>118,081</b>	<b>16,287</b>
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		118,081	16,287
Income already paid on units redeemed		(75,637)	(8,784)
		<b>42,444</b>	<b>7,503</b>
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		-	-
- Excluding capital gains		42,444	7,503
		<b>42,444</b>	<b>7,503</b>

**Earnings per unit** 24.2

The annexed notes from 1 to 25 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 INCOME OPPORTUNITY FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018 ----- (Rupees in '000) -----
Net income for the year after taxation	118,081	16,287
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b><u>118,081</u></b>	<b><u>16,287</u></b>

The annexed notes from 1 to 25 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 INCOME OPPORTUNITY FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019			June 30, 2018		
	Capital value	Undistributed income / (loss)	Total	Capital value	Undistributed income / (loss)	Total
	(Rupees in '000)					
<b>Net assets at beginning of the year</b>	539,431	17,837	557,268	167,032	10,334	177,366
Amount received on issuance of 25,158,199 units (2018: 10,695,093 units)						
Capital value	2,886,128	-	2,886,128	1,176,198	-	1,176,198
Element of income during the year;						
- Relating to other comprehensive income	-	-	-	-	-	-
- Relating to net loss for the year after taxation	(66,709)	-	(66,709)	33,544	-	33,544
	2,819,419	-	2,819,419	1,209,742	-	1,209,742
Redemption of 22,454,410 (2018: 7,450,196) units						
Capital value	(2,575,952)	-	(2,575,952)	(819,339)	-	(819,339)
Element of income during the year;						
- Relating to net loss for the year after taxation	76,288	(75,637)	651	(18,004)	(8,784)	(26,788)
	(2,499,664)	(75,637)	(2,575,301)	(837,343)	(8,784)	(846,127)
Total comprehensive income for the year	-	118,081	118,081	-	16,287	16,287
Distribution during the year	(37,833)	(48,374)	(86,207)	-	-	-
Net income for the year less distribution	(37,833)	69,707	31,874	-	16,287	16,287
<b>Net assets at end of the period</b>	<b>821,353</b>	<b>11,907</b>	<b>833,260</b>	<b>539,431</b>	<b>17,837</b>	<b>557,268</b>
<b>Undistributed income brought forward:</b>						
- Realised	-	17,837	17,837	-	9,892	9,892
- Unrealised	-	-	-	-	442	442
	-	17,837	17,837	-	10,334	10,334
<b>Accounting income available for distribution:</b>						
- Relating to capital gains	-	-	-	-	16,287	16,287
- Excluding capital gains	-	42,444	42,444	-	(8,784)	(8,784)
	-	42,444	42,444	-	7,503	7,503
Distribution during the year	-	(48,374)	(48,374)	-	-	-
<b>Undistributed income carried forward</b>	<b>-</b>	<b>11,907</b>	<b>11,907</b>	<b>-</b>	<b>17,837</b>	<b>17,837</b>
<b>Undistributed income carried forward</b>						
- Realised	-	11,907	11,907	-	17,837	17,837
- Unrealised	-	-	-	-	-	-
	-	11,907	11,907	-	17,837	17,837
<b>(Rupees)</b>						
<b>Net assets value per unit at beginning of the year</b>	<b>114.7192</b>			<b>109.9753</b>		
<b>Net assets value per unit at end of the year</b>	<b>110.1983</b>			<b>114.7192</b>		

The annexed notes from 1 to 25 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 INCOME OPPORTUNITY FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	118,081	16,287
<b>Adjustments for:</b>		
Financial income	-	(23,155)
Loss / (gain) on redemption / sale of investments classified as at fair value through profit or loss' - net	613	(95)
Unrealised loss on revaluation of investments classified as at fair value through profit or loss' - net	214	259
Amortization of preliminary expenses and floatation costs	-	190
Provision for Sindh Workers' Welfare Fund (SWWF)	2,362	326
	<u>3,189</u>	<u>(22,475)</u>
	121,270	(6,188)
<b>Decrease / (Increase) in assets</b>		
Investments	(63,180)	9,125
Receivable against margin trading system (MTS)	192,347	(192,347)
Advance tax	(12)	1
Deposits, prepayments and other receivables	20,294	(21,155)
	<u>149,449</u>	<u>(204,376)</u>
<b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	955	153
Payable to the Trustee	37	63
Annual fee payable to the SECP	841	82
Accrued and other liabilities	(3,288)	7,724
	<u>(1,455)</u>	<u>8,022</u>
Financial income received	(5,332)	21,277
<b>Net cash flows generated / (used in) from operating activities</b>	<u>263,932</u>	<u>(181,265)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipt from issuance of units	2,819,419	1,209,742
Net payment against redemption of units	(2,575,301)	(846,127)
Cash distribution to unit holders	(86,207)	-
<b>Net cash generated from financing activities</b>	<u>157,911</u>	<u>363,615</u>
<b>Net increase in cash and cash equivalents during the year</b>	<u>421,843</u>	<u>182,350</u>
Cash and cash equivalents at beginning of the year	326,966	144,616
<b>Cash and cash equivalents at end of the year</b>	<u><u>748,809</u></u>	<u><u>326,966</u></u>
<b>Cash and cash equivalents</b>		
Bank balances	648,809	326,966
Term deposit receipt - 3 months	100,000	-
	<u><u>748,809</u></u>	<u><u>326,966</u></u>

The annexed notes from 1 to 25 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 INCOME OPPORTUNITY FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

- 1.1** UBL Income Opportunity Fund (the Fund) was established under a Trust Deed executed between UBL Funds Managers Limited, (wholly owned subsidiary company of United Bank Limited) as its Management Company and Central Depository Company of Pakistan Limited, as its Trustee. The Trust Deed was executed on January 01, 2013 and the Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on February 13, 2013 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The registered office of the Management Company is situated at the 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP.
- 1.3** The Fund is an open-ended mutual fund listed on Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders. The Fund commenced its operations from March 29, 2013.
- 1.4** The objective is to provide a competitive rate of return to its investors by investing in quality term finance certificates / sukuks issued by the financial institutions, Government securities, bank deposits and short-term and long-term debt instruments. Under circular 07 dated March 06, 2009 issued by the SECP, the Fund has been categorized by the Management Company as an Income Scheme.
- 1.5** JCR - VIS Credit Rating Company has upgraded management quality rating from AM2++ (stable outlook) to AM1 to the management company on December 27, 2018.
- 1.6** 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. 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)

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 exception for as disclosed in IFRS 9.

## 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 notes 4.1 and 4.2.

### 4.1 Policy from July 01, 2018

#### 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 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

#### **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:**

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.

Debt investments at FVOCI	These assets are subsequently measured at fair value. Profit / mark-up 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.
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.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 ----- (Rupees in '000) -----	Revised carrying amount under IFRS 9
Debt securities	(a)	Held for trading	FVTPL	21,908	21,908
Bank balances	(b)	Loans and receivables	Amortised cost	326,966	326,966
Deposits and other receivables	(b)	Loans and receivables	Amortised cost	25,163	25,163
Dividend, mark-up and other receivable	(b)	Loans and receivables	Amortised cost	3,280	3,280

(a) These financial assets classified as 'Held for trading' have been classified as fair value through profit and 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.

#### 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 Financial Instruments

### 4.2.1 Financial Assets

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

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

#### b) Financial assets classified as '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 loans and receivables or financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for the liquidity or change in price.

#### c) Loans and receivables

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

#### 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.

#### 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.

#### Subsequent measurement

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

### 4.2.2 Financial assets classified as 'at fair value through profit or loss' and 'available-for-sale'

#### a) Basis of valuation of debt securities

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

#### b) Basis of valuation of Government securities

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

#### 4.2.3 Impairment

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

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

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

#### 4.2.4 Financial liabilities

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

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

#### 4.2.5 Offsetting of financial instruments

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

#### 4.3 Unitholders' fund

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

#### 4.4 Securities under repurchase / resale agreement

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

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

#### **4.5 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 in accordance with the Trust Deed and the NBFC

#### **4.6 Issuance and redemption of units**

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

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

#### **4.7 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 estimates.

#### **4.8 Net assets value per unit**

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

#### **4.9 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.

#### **4.10 Revenue recognition**

- Capital gains / (losses) arising on redemption and sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Dividend income is recognised when the right to receive the dividend is established.
- Unrealized gains / (losses) arising on revaluation of investments classified as 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Income on debt and Government securities is recognised on time proportion basis using the effective interest yield.
- Mark-up on saving accounts and term deposits is recognised on accrual basis.

#### 4.11 Expenses

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

#### 4.12 Cash and cash equivalents

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

#### 4.13 Dividend distribution and appropriations

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

#### 4.14 Other assets

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

### 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.

### 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
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

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
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
	<b>June 30, 2019                  June 30, 2018</b>
	<b>----- (Rupees in '000) -----</b>
	<b>Note</b>
<b>7. BANK BALANCES</b>	
Saving accounts	8.1 <b>648,809                  326,966</b>

**7.1** These carry mark-up at the rates ranging from 3.75% to 13.90% (2018: 3.75% to 7.25%) per annum and include a balance of Rs.2.36 (2018: Rs.3.74) million held with United Bank Limited (a related party).



	Note	June 30, 2019 ---- (Rupees in '000) ----	June 30, 2018 ---- (Rupees in '000) ----
<b>8. INVESTMENTS</b>			
<b>Investments by Category</b>			
<b>'At Fair Value Through Profit or Loss'</b>			
Government Securities - Market Treasury Bills	8.1	-	-
Government Securities - Pakistan Investment bonds	8.2	-	-
Term Finance Certificates	8.3	21,685	21,908
<b>'At Ammortised Cost</b>			
Letter of placement	8.4	60,092	-
Term deposit receipt	8.5	102,487	-
		<u>184,264</u>	<u>21,908</u>

#### 8.1 Government Securities - Treasury Bills - 'At Fair Value Through Profit or Loss'

Purchase yield range	Maturity upto	As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	June 30, 2019			Market value as a % of net assets	Market value as a % of total investments
						Carrying value	Market value	Unrealised Gain / (loss)		
----- (Number of holding) -----						----- (Rupees in '000) -----			----- % -----	
Market Treasury Bills - 3 months	August 01, 2019	-	24.000	(24.000)	-	-	-	-	0.00%	0.00%

#### 8.2 Government Securities - Pakistan Investment Bonds - 'At Fair Value Through Profit or Loss'

Purchase yield range	Maturity upto	As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying value	Market value	Unrealised Gain / (loss)	Market value as a % of net assets	Market value as a % of total investments
(Number of holding)						(Rupees in '000)			%	
Pakistan Investment Bonds	February 21, 2029	-	1,001,500	(1,001,500)	-	-	-	-	0.00%	0.00%

#### 8.3 Debt Securities - Term Finance Certificates - 'At Fair Value Through Profit or Loss'

		Number of certificates				June 30, 2019				
Particulars	Note	As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying value	Market value	Unrealised Gain / (loss)	Market value as a % of net assets	Market value as a % of total investments
						----- (Rupees in '000) -----			----- % -----	
<b>Commercial banks</b>										
Bank AL Habib Limited - unlisted (Issue date - March 17, 2016)	9.3.1 & 9.3.2	2,000	-	-	2,000	10,063	9,888	(175)	1.19%	45.60%
Habib Bank Limited - unlisted (Issue date - February 19, 2016)	9.3.1 & 9.3.2	120	-	-	120	11,836	11,797	(39)	1.42%	54.40%
<b>Total as at June 30, 2019</b>						<b>21,899</b>	<b>21,685</b>	<b>(214)</b>	<b>2.60%</b>	<b>100%</b>
Total as at June 30, 2018						22,167	21,908	(259)		

8.3.1 These carry profit rate from 11.34% to 11.58% (June 2018: from 6.92% to 7.23%).

8.3.2 Significant terms and conditions of term finance certificates outstanding at the period end are as follows:

Name of security	Number of certificates	Redemption Value (Rupees)		Interest rate (Per annum)	Maturity
		Per certificate	Total		
Bank AL Habib Limited	2,000	4,994	9,988,000	6M KIBOR + 0.75%	March 17, 2026
Habib Bank Limited	120	99,880	11,985,600	6M KIBOR + 0.75%	February 19, 2026

8.4 This carries a mark-up of 14.00% held with Pak Brunei Investment Company Limited and will mature by January 02, 2020.

8.5 This carries mark-up of 11.35% held with MCB Islamic Bank and will mature by July 12, 2019.

#### 8.6 Excess Exposure as at June 30, 2019

Name of investment	Exposure type	% of net assets	Limit	Excess
TDR-MCB Islamic Bank Ltd.	per entity	12%	10%	2%

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>9. MARK-UP RECEIVABLE</b>			
Mark-up on receivable on:			
- Term finance certificates		827	510
- Saving accounts	9.1	7,781	1,842
- Margin trading system (MTS)		-	928
		<u>8,609</u>	<u>3,280</u>

**9.1** This includes receivable of Rs.0.02 (2018: Rs.0.02) 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. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance against NCCPL exposure margin - MTS	818	20,818
Security deposit with:		
- Central Depository Company of Pakistan Limited (CDC)	100	100
- National Clearing Company of Pakistan Limited (NCCPL)	3,000	3,000
Prepayments	326	145
Others	625	1,100
	<u>4,869</u>	<u>25,163</u>

#### 12. PAYABLE TO THE MANAGEMENT COMPANY

Management remuneration payable	12.1	881	362
Sindh Sales Tax on management remuneration	12.2	114	47
Payable against allocated expenses	12.3	68	-
Selling and marketing expenses	12.4	226	-
Sales load payable to Management Company		100	25
		<u>1,389</u>	<u>434</u>

**12.1** 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 has charged remuneration at the rate of 10% of the gross earnings of the Scheme (2018: 1.5% of the average annual net assets), calculated on a daily basis not exceeding the maximum rate 1.50% of remuneration based on net assets. The Fee is subject to a minimum of 0.25% of the daily net assets of the Scheme. The remuneration is paid to the Management Company on monthly basis in arrears.

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

**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 a fee at the rate of 0.1% of the average annual net assets being lower.

**12.4** Securities and Exchange Commission of Pakistan 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 0.1% on daily net assets of the Fund, being the lower amount.

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>13. PAYABLE TO THE TRUSTEE</b>			
Remuneration payable	13.1	116	83
Sales tax on remuneration payable	13.2	15	11
		<u>131</u>	<u>94</u>

**13.1** 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 period ended June 30, 2019 is as follows:

Average net asset value	Tariff per annum
Up to Rs.1,000 Million	Rs.0.6 million or 0.17% p.a. of net assets of the Fund, whichever is higher
Rs.1,000 million to Rs.5,000 million	Rs.1.7 million plus 0.085% p.a. of net assets of the Fund, on amount exceeding Rs.1,000 million
On amount exceeding Rs. 5,000 million	Rs.5.1 million plus 0.07% p.a. of net assets of the Fund, on amount exceeding Rs.5,000 million

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

#### 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% (2018: 0.075%) of the average daily net assets of the Fund.

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>15. ACCRUED AND OTHER LIABILITIES</b>			
Provision for indirect duties and taxes	15.1	1,597	1,597
Auditors' remuneration		261	227
Brokerage payable		55	57
Withholding tax deducted at source payable		5,614	-
Zakat deducted at source payable		10	406
Capital gains tax payable		45	24
Provision for Sindh Workers' Welfare Fund (SWWF)	15.2	3,053	691
Legal and professional charges payable		61	11
Other payables		221	8,830
		<u>10,917</u>	<u>11,843</u>

##### 15.1 Provision for indirect duties and taxes

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 04, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representatives of Collective Investment Schemes through their trustees, challenging the levy of FED.

The SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2019 aggregates to Rs.1.56 (2018: Rs.1.56) million. Had the provision for FED 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.0.21 (2018: Re.0.32) per unit.

## 15.2 Provision for Sindh Workers' Welfare Fund

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).

The provision for SWWF is now 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 the Fund as at June 30, 2019 would have been higher by Re.0.40 (2018: Re.0.14) per unit.

## 16. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 1.82% as on June 30, 2019 (2018: 2.04%) and this includes 0.36% (2018: 0.31%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an income scheme.

## 17. CONTINGENCIES AND COMMITMENTS

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

## 18. AUDITORS' REMUNERATION

Annual audit fee  
Half yearly review fee  
Other certifications and services

Sales tax  
Out of pocket expenses

June 30,                      June 30,  
2019                              2018  
Note                      ----- (Rupees in '000) -----

	134	110
	53	50
	103	100
	290	260
	23	21
	50	42
	<u>363</u>	<u>323</u>

## 19. 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 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its net accounting income available for distribution for the year derived from sources other than capital gains to the unitholders. The management has distributed through cash at least 90% of the Fund's net accounting income by the year end to the unit holders. Accordingly, no provision for taxation has been made in these annual financial statement.

## 20. 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	Directors and key executives	Other connected persons / related parties**
	(Rupees in '000)					
	June 30, 2019					
<b>Transactions during the year</b>						
Mark-up on bank accounts	-	351	-	-	-	-
Bank charges	-	18	-	-	-	-
Units issued	2,028,694	-	-	-	1,706	-
Units redeemed	1,535,000	-	-	-	3,441	-
Remuneration (inclusive of sales tax)	16,326	-	2,323	-	-	-
Listing fee	-	27	-	-	-	-
Dividend paid	40,310	-	-	-	1,546	-
Allocated expenses by the Management Company	1,453	-	-	-	-	-
Selling and marketing expense	1,110	-	-	-	-	-
	June 30, 2018					
<b>Transactions during the year</b>						
Mark-up on bank accounts	-	252	-	-	-	-
Bank charges	-	10	-	-	-	-
Units issued	168,078	-	-	-	25,296	677,916
Units redeemed	168,452	-	-	-	11,005	404,661
Remuneration (inclusive of sales tax)	3,169	-	638	-	-	-
Listing fee	-	28	-	-	-	-
	June 30, 2019					
<b>Balances held</b>						
Units held (units in '000)	4,765	-	-	-	112	-
Units held (Rupees in '000)	525,095	-	-	-	12,342	-
Bank balances	-	2,357	-	-	-	-
Remuneration payable	995	-	132	-	-	-
Security deposit	-	-	100	-	-	-
Sales load and other payables	100	-	-	-	-	-
Mark-up receivable	-	23	-	-	-	-
Payable against allocated expenses	68	-	-	-	-	-
Selling and marketing expenses	226	-	-	-	-	-
	June 30, 2018					
<b>Balances held</b>						
Units held (units in '000)	-	-	-	-	126	2,438
Units held (Rupees in '000)	-	-	-	-	14,512	279,705
Bank balances	-	3,738	-	-	-	-
Remuneration payable	409	-	94	-	-	-
Security deposit	-	-	100	-	-	-
Sales load and other payables	25	-	-	-	-	-
Mark-up receivable	-	19	-	-	-	-

## 21. FINANCIAL RISK MANAGEMENT

**21.1** 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.

### 21.2 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 interest rates, foreign exchange rates and other 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.3.49) million.

The Fund's PLS saving accounts are exposed to variable rate risk. In case of 100 basis points increase / decrease in interest rates 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.3.49) million.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit 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.

##### 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						
On-balance sheet financial instruments	Interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
		Up to three months	More than three months and	More than one year		
			up to one year			
<b>Financial assets</b>						
Bank balances	3.75 - 13.90	648,809	-	-	-	648,809
Investments classified as 'at fair value through profit or loss'	6M KIBOR + 0.50 to 0.75	-	-	21,685	-	21,685
Letter of placement		-	60,092	-	-	60,092
Term deposit receipt		102,487	-	-	-	102,487
Mark-up receivable		-	-	-	8,609	8,609
Deposits and other receivables		-	-	-	4,543	4,543
Receivable against margin trading system (MTS)		-	-	-	-	-
		751,296	60,092	21,685	13,152	846,225
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	981	981
Payable to the Trustee		-	-	-	116	116
Accrued and other liabilities		-	-	-	575	575
		-	-	-	1,672	1,672
<b>On-balance sheet gap</b>		751,296	60,092	21,685	11,480	844,553

June 30, 2018					
Exposed to interest rate risk					
Interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to interest rate risk	Total
(Rupees in '000)					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	3.75 to 7.50	326,966	-	-	326,966
Investments classified as 'designated at fair value through profit or loss'	6M KIBOR + 0.50 to 0.75	-	-	21,908	21,908
Mark-up receivable		-	-	3,280	3,280
Deposits and other receivables		-	-	25,018	25,018
Receivable against margin trading system (MTS)		-	-	192,347	192,347
		<u>326,966</u>	<u>-</u>	<u>220,645</u>	<u>569,519</u>
<b>Financial liabilities</b>					
Payable to the Management Company		-	-	387	387
Payable to the Trustee		-	-	83	83
Accrued and other liabilities		-	-	9,104	9,104
		<u>-</u>	<u>-</u>	<u>9,574</u>	<u>9,574</u>
<b>On-balance sheet gap</b>		<u>326,966</u>	<u>-</u>	<u>211,071</u>	<u>559,945</u>

There is no off-balance sheet financial instrument that exists as at year ended June 30, 2019 and 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## 21.3 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 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 summarizes the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period 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	981	-	-	-	981
Payable to the Trustee	116	-	-	-	116
Accrued and other liabilities	221	354	-	-	575
<b>Total liabilities</b>	<u>1,318</u>	<u>354</u>	<u>-</u>	<u>-</u>	<u>1,672</u>
<b>June 30, 2018</b>					
<b>Financial liabilities</b>					
Payable to the Management Company	387	-	-	-	387
Payable to the Trustee	83	-	-	-	83
Accrued and other liabilities	8,830	274	-	-	9,104
<b>Total liabilities</b>	<u>9,300</u>	<u>274</u>	<u>-</u>	<u>-</u>	<u>9,574</u>

## 21.4 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:

	June 30, 2019 -- (Rupees in '000) --	June 30, 2018 -- (Rupees in '000) --
Bank balances	648,809	326,966
Term finance certificates	21,685	21,908

All deposits with banks, CDC and NCCPL are highly rated and risk of default is considered minimal.

The analysis below summarizes the credit quality of the Fund's portfolio in total as on June 30, 2019:

	----- (%) -----	
<b>Bank balances by rating category</b>		
AAA	0.56%	1.88%
AA- to AA+	99.44%	55.64%
A- to A+	0.002%	42.47%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Term finance certificates by rating category</b>		
AA+	45.60%	45.60%
AA	54.40%	54.40%
	<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.

## 21.5 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.

## 21.6 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.



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).

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

**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 year by the level in the fair value hierarchy into which the fair value measurement is categorised:

[illegible]

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.

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

**24.2** 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.

**25. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on 30-Aug-19 by the Board of Directors of the Management Company.

**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
Associated Company and Key Executives	1	111,652	1.48
Individuals	376	2,034,770	26.92
NBFC	1	4,765,128	63.02
Others	5	511,713	6.77
Retirement funds	4	138,199	1.83
	<b>387</b>	<b>7,561,461</b>	<b>100</b>

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

Name	%
Continental Exchange (Private) Limited	35.19
Invest One Markets Limited	12.66
Arif Habib (Pvt) Limited	12.65
Summit Capital (Pvt) Limited	12.65
BMA Capital Management Limited	12.65
Vector Capital (Pvt) Limited	10.65
Bright Capital (Pvt) Limited	2.73
Paramount Capital (Private) Limited	0.41
Vector Securities (Pvt) Limited	0.41

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

S.no	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	23.00	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	6.90	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 Money Market Fund  
UBL Financial Planning Fund

(iv) **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:

August 28, 2018	October 26, 2018	November 08, 2018	December 11, 2018	February 27, 2019	April 29, 2019	May 06, 2019	Total meetings attended
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**Directors:**

**Directors:**

Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	7
Mirza Muhammad Sadeed Hassan Barlas*	✓	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	✓	3
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	7
Mr. Zia Ijaz*	x	N/A	N/A	N/A	N/A	N/A	0
Mr. Sharjeel Shahid*	✓	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

**Key Executives:**

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 upgraded management quality rating from AM2++ (stable outlook) to AM1 to the management company on December 27, 2018.

# UGIF

## UBL Growth and Income Fund

### INVESTMENT OBJECTIVE

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.

<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>	Ernst & Young Ford Rhodes, Chartered Accountants
<b>Bankers</b>	Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited JS Bank Limited Khushhali Bank Ltd. MCB Bank Limited National Bank of Pakistan Samba Bank Limited Silk Bank Limited Sindh Bank Limited Summit Bank Limited Telenor Microfinance Bank Limited The Bank of Punjab United Bank Limited Zarai Taraqiati Bank Limited Soneri Bank Limited
<b>Management Co.Rating</b>	AM1 (JCR-VIS)
<b>Fund Rating</b>	A(f) (JCR-VIS)

## Fund Manager's Report – UBL Growth and Income Fund (UGIF)

### i) Description of the Collective Investment Scheme category and type

Aggressive Fixed Income / Open-end

### ii) Statement of Collective Investment Scheme's investment objective

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.

### iii) Explanation as to whether the Collective Investment Scheme achieved its stated objective

The Collective Investment Scheme has a long-term investment objective. Significant efforts were made during the year for the achievement of the long-term objective.

### iv) Statement of benchmark(s) relevant to the Collective Investment Scheme

Average of 1 year KIBOR 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
UGIF	6.58%	4.86%	6.64%	6.84%	6.08%	4.16%	9.89%	10.77%	12.27%	10.11%	5.79%	12.14%	7.95%
Benchmark	7.77%	8.20%	8.51%	9.78%	10.26%	10.91%	11.08%	11.17%	11.23%	11.41%	12.27%	13.30%	10.48%

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

The fund has posted a return of 7.95% p.a. during FY19. During the period the Fund Managers maintained majority exposure in Cash (62%) and Term Finance Certificates/ Sukuks (17%). As on Jun19 the net assets of the fund were PKR 1.735mn.

### 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 NAV)	Jun-18	Jun-19
Term Finance Certificates / Sukuks	38%	17%
Commercial Paper	0%	0%
Placements with NBFCs	0%	0%
Placements with DFIs	0%	3%
Placements with Banks	0%	8%
Cash	60%	62%
T-Bills	0%	0%

PIBs	0%	7%
GoP Ijarah Sukuk	0%	0%
Others	2%	3%
Leverage	0%	0%
Spread Transaction	0%	0%
MTS Exposure	0%	0%

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

FY'19 Return:	7.95%
Standard Deviation (12m trailing):	0.98%
Sharpe Ratio (12m trailing):	(1.90)

**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		%
1,734,789	1,301,602	33.28	85.0490	89.3150	(4.78)

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

**Debt Market Review 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.

- i) **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	-	155,261	6.5752	91.4640	84.8888

- ii) **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.

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

Range of Units	Number of Investors
	UGIF
0.0001 - 9,999.9999	1,342
10,000.0000 - 49,999.9999	73
50,000.0000 - 99,999.9999	10
100,000.0000 - 499,999.9999	17
500,000.0000 & Above	3
<b>Total</b>	<b>1,445</b>

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

There were no unit splits during the period.

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

Investment are subject to credit and market risk.

- vi) **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 Growth and Income Fund

	2019	2018	2017
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>1,734,789</b>	1,301,602	5,707,271
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees</b>			
Income units - Offer *	<b>86.4948</b>	90.8334	86.3359
- Redemption	<b>85.0490</b>	89.3150	84.8927
Growth units - Offer	<b>86.4948</b>	90.8334	84.8927
- Redemption **	<b>85.0490</b>	89.3150	84.8927
<b>RETURN OF THE FUND - %</b>			
Total Return of the Fund	<b>7.95</b>	5.21	6.77
Capital Growth (per unit)	<b>0.59</b>	5.21	1.32
Date of Income Distribution	<b>2-Jul-18</b>	-	19-Jun-17
Income Distribution	<b>4.4223</b>	-	5.65
Date of Income Distribution	<b>24-Jun-19</b>	-	-
Income Distribution	<b>6.5752</b>	-	-
<b>AVERAGE ANNUAL RETURN - %</b>			
One Year	<b>7.95</b>	5.21	6.77
Second Year	<b>6.58</b>	5.99	9.43
Third Year	<b>6.64</b>	8.02	12.28
Fourth Year	<b>8.01</b>	10.87	11.97
Fifth Year	<b>8.79</b>	10.84	7.93
Sixth Year	<b>10.38</b>	7.54	5.31
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees</b>			
Highest price per unit - Income units - Offer *	<b>92.9877</b>	90.8334	92.4672
Highest price per unit - Income units - Redemption *	<b>91.4333</b>	89.3150	91.9841
Highest price per unit - Growth units - Offer *	<b>92.9877</b>	90.8334	91.9841
Highest price per unit - Growth units - Redemption *	<b>91.4333</b>	89.3150	91.9841
Lowest price per unit - Income units - Offer *	<b>86.2084</b>	86.3042	89.8843
Lowest price per unit - Income units - Redemption *	<b>84.7674</b>	84.8616	89.4147
Lowest price per unit - Growth units - Offer *	<b>86.2084</b>	86.3042	89.4147
Lowest price per unit - Growth units - Redemption *	<b>84.7674</b>	84.8616	89.4147

\* Front-end load @1.5% is applicable

\*\* Back-end load as per applicable step-down structure

**PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

**PORTFOLIO COMPOSITION BY CATEGORY - %**

Bank Balances	<b>62.00</b>	60.00	46.00
Placements & Term Deposit Receipts	<b>11.00</b>	0.00	4.00
TFCs, Sukuks, Government securities, Commercial papers	<b>24.00</b>	38.00	35.00
Others	<b>3.00</b>	2.00	15.00

**PORTFOLIO COMPOSITION BY MARKET - %**

Debt market	<b>100</b>	100	100
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Note:

- The Launch date of Fund is 02 March 2006.

**DISCLAIMER**

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

**Head Office**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL GROWTH & INCOME 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 Growth & Income 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 24, 2019



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

**NAME OF FUND:** UBL Growth and Income 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 Growth and Income 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**

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

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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.

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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**



## To the unitholders of UBL Growth Income Fund

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

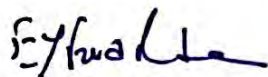
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Growth Income Fund** (the Fund) for the year ended **30 June 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 Growth and Income Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **UBL Growth and Income 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 debt securities) held by the Fund represent 97% 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>



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.</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.



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-: 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 GROWTH AND INCOME FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2019**

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018
<b>ASSETS</b>			
Bank balances	7	1,100,418	811,972
Investments	8	633,787	506,522
Advance tax	9	3,408	3,399
Mark-up receivable	10	27,775	14,827
Deposits prepayments and other receivables	11	17,805	9,972
Receivable against settlement of spread transactions		6,106	-
<b>Total assets</b>		<b>1,789,299</b>	<b>1,346,692</b>
<b>LIABILITIES</b>			
Payable to the Management Company	12	4,396	2,861
Payable to the Trustee	13	243	196
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	14	980	2,418
Accrued expenses and other liabilities	15	48,891	39,615
<b>Total liabilities</b>		<b>54,510</b>	<b>45,090</b>
<b>NET ASSETS</b>		<b>1,734,789</b>	<b>1,301,602</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,734,789</b>	<b>1,301,602</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		
<b>----- (Number of units) -----</b>			
<b>NUMBER OF UNITS IN ISSUE</b>		<b>20,397,520</b>	<b>14,573,165</b>
<b>----- (Rupees) -----</b>			
<b>NET ASSETS VALUE PER UNIT</b>		<b>85.0490</b>	<b>89.3150</b>

The annexed notes from 1 to 25 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 GROWTH AND INCOME FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018
<b>INCOME</b>			
Financial income on:			
- Bank balances		83,505	111,862
- Term deposit receipts		6,645	12,736
- Letter of placement		79	-
- Government Securities		9,586	8,809
- Term finance certificates		38,485	64,686
- Marginal trading system (MTS)		-	5,272
- Commercial papers		-	4,753
Dividend income		128	76
Unrealised loss on revaluation of investments classified as			
'At fair value through profit or loss' - net		(8,855)	(143)
Loss on maturity / sale of investments classified as			
'At fair value through profit or loss' - net		(8,701)	(4,353)
(Loss) / gain from spread transactions - net		(27)	8,258
Loss on maturity / sale on investments classified as 'available-for-sale' - net		-	(13,874)
Other income		431	3,405
<b>Total income</b>		<b>121,276</b>	<b>201,487</b>
Reversal of provision against debt securities - net	8.8	13,889	1,463
Reversal of provision against placements - net		-	10,756
Reversal of provision against other receivables		-	6,857
<b>EXPENSES</b>			
Remuneration of the Management Company	12.1	14,995	48,354
Sales tax on management fee	12.2	1,949	6,286
Allocated expenses by the Management Company	12.3	1,307	3,224
Selling and marketing expenses	12.4	5,227	472
Remuneration of the Trustee	13.1	1,873	3,582
Sales tax on remuneration of the Trustee	13.2	244	466
Annual fee to SECP	14	980	2,418
Brokerage and settlement charges		924	4,015
Auditors' remuneration	18	363	343
Legal and professional charges		151	652
Bank charges and other expenses		450	760
<b>Total expenses</b>		<b>28,463</b>	<b>70,572</b>
		<b>106,702</b>	<b>149,991</b>
Provision for Sindh Workers' Welfare Fund (SWWF)	15.2	(2,094)	(2,943)
<b>Net income for the year before taxation</b>		<b>104,608</b>	<b>147,048</b>
Taxation	19	-	-
<b>Net income for the year after taxation</b>		<b>104,608</b>	<b>147,048</b>
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		104,608	147,048
Income already paid on units redeemed		(28,309)	(104,456)
		<b>76,299</b>	<b>42,592</b>
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		-	-
- Excluding capital gains		76,299	42,592
		<b>76,299</b>	<b>42,592</b>

The annexed notes from 1 to 25 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 GROWTH AND INCOME FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018 ----- (Rupees in '000) -----
Net income for the year after taxation	104,608	147,048
Other comprehensive income for the year:		
Net unrealised diminution on revaluation of investments classified as 'fair value through other comprehensive income'	-	(6,254)
<b>Total comprehensive income for the year</b>	<b><u>104,608</u></b>	<b><u>140,794</u></b>

The annexed notes from 1 to 25 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 GROWTH AND INCOME FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	104,608	147,048
<b>Adjustments for:</b>		
Financial income	(138,300)	(208,194)
Unrealised gain on revaluation of investments classified as 'designated at fair value through profit or loss' - net	8,855	143
Loss on maturity / sale of investments classified as 'designated at fair value through profit or loss' - net	8,701	4,353
Loss / (Gain) from spread transactions - net	27	(8,258)
Loss on maturity / sale on investments classified as 'available-for-sale'	-	13,874
Reversal of provision against debt securities - net	(13,889)	(1,463)
Reversal of provision against placements - net	-	(10,756)
Reversal of provision against other receivables	-	(6,857)
Provision for Sindh Workers' Welfare Fund (SWWF)	2,094	2,943
	(132,512)	(214,215)
<b>(Increase) / decrease in assets</b>		
Investments	19,042	1,359,036
Advance tax	(9)	(415)
Receivable against settlement of spread transactions	(6,106)	98,942
Receivable against margin trading system (MTS)	-	358,681
Advance, deposits and other receivables	(7,833)	260,032
	5,094	2,076,276
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	1,535	(5,520)
Payable to the Trustee	47	(288)
Annual fee payable to the SECP	(1,438)	(769)
Accrued and other liabilities	7,182	(15,470)
	7,326	(22,047)
Finance income received	125,351	220,189
<b>Net cash generated from operating activities</b>	109,867	2,207,251
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipt from issuance of units	2,962,321	2,202,832
Cash dividend paid to unit holders	(219,802)	-
Net payment against redemption of units	(2,413,940)	(6,749,295)
<b>Net cash generated from financing activities</b>	328,579	(4,546,463)
<b>Net increase / (decrease) in cash and cash equivalents</b>	438,446	(2,339,212)
Cash and cash equivalents at beginning of the year	811,972	3,151,184
<b>Cash and cash equivalents at end of the year</b>	1,250,418	811,972
<b>Cash and cash equivalents</b>		
Bank balances	1,100,418	811,972
Term deposit receipts (TDR)	150,000	-
	1,250,418	811,972

The annexed notes from 1 to 25 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 GROWTH AND INCOME FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019				June 30, 2018			
	Capital value	Undistributed income	Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale' - net	Total (Rupees in '000)	Capital value	Undistributed income	Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale' - net	Total
<b>Net assets at beginning of the year</b>	1,742,361	(440,998)	239	1,301,602	6,184,368	(477,097)	-	5,707,271
Amount received on issuance of 33,542,779 (2018: 25,462,034 ) units								
Capital value	2,847,537	-	-	2,847,537	2,161,541	-	-	2,161,541
Element of income during the year;								
- Relating to other comprehensive Income	114,784	-	-	114,784	(413)	-	-	(413)
- Relating to net Income for the Year after Taxation	2,962,321	-	-	2,962,321	41,704	-	-	41,704
					2,202,832	-	-	2,202,832
Amount paid on redemption of 27,718,424 (2018: 78,118,097) units								
Capital value	(2,353,092)	-	-	(2,353,092)	(6,631,656)	-	-	(6,631,656)
Element of income during the year;								
- Relating to other comprehensive income	-	-	-	-	6,789	-	-	6,789
- Relating to net loss for the year after taxation	(32,539)	(28,309)	-	(60,848)	(19,972)	(104,456)	-	(124,428)
	(2,385,631)	(28,309)	-	(2,413,940)	(6,644,839)	(104,456)	-	(6,749,295)
Total comprehensive income / (loss) for the year	-	104,608	-	104,608	-	147,048	(6,254)	140,794
-Distribution during the period Rs.4.4223 per unit declared on July 02, 2018 as cash dividend and interim cash distribution Rs.6.5752 declared on June 23, 2019 as cash dividend.	(103,970)	(115,832)	-	(219,802)	-	-	-	-
Net (loss) / income for the year less distribution	(103,970)	(11,224)	-	(115,194)	-	147,048	(6,254)	140,794
<b>Net assets at end of the year</b>	<b>2,215,081</b>	<b>(480,531)</b>	<b>239</b>	<b>1,734,789</b>	<b>1,742,361</b>	<b>(434,505)</b>	<b>(6,254)</b>	<b>1,301,602</b>
<b>Undistributed income brought forward:</b>								
- Realised	-	(440,855)	-	(440,855)	-	(491,263)	-	(491,263)
- Unrealised	-	(143)	239	96	-	14,166	-	14,166
	-	(440,998)	239	(440,759)	-	(477,097)	-	(477,097)
<b>Accounting income available for distribution:</b>								
- Relating to capital gains	-	-	-	-	-	-	-	-
- Excluding capital gains	-	76,299	-	76,299	-	42,592	-	42,592
	-	76,299	-	76,299	-	42,592	-	42,592
Net income for the year after taxation	-	-	-	-	-	-	-	-
Distribution during the year	-	(115,832)	-	(115,832)	-	-	-	-
<b>Undistributed income carried forward</b>	<b>-</b>	<b>(480,531)</b>	<b>239</b>	<b>(480,292)</b>	<b>-</b>	<b>(434,505)</b>	<b>-</b>	<b>(434,505)</b>
<b>Undistributed income carried forward</b>								
- Realised	-	(471,676)	-	(471,676)	-	(434,362)	-	(434,362)
- Unrealised	-	(8,855)	239	(8,616)	-	(143)	-	(143)
	-	(480,531)	239	(480,292)	-	(434,505)	-	(434,505)
----- (Rupees) -----								
<b>Net assets value per unit at beginning of the year</b>				<b>89.3150</b>				<b>84.8927</b>
<b>Net assets value per unit at end of the year</b>				<b>85.0490</b>				<b>89.3150</b>

The annexed notes from 1 to 25 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 GROWTH AND INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

- 1.1** UBL Growth and Income Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and 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 the Trust Deed, dated 21 December 2004 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The 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 has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP.
- 1.3** The Fund is an aggressive fixed income scheme and units of the Fund are listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the fund.
- 1.4** As per the offering document, the Fund shall invest in a diversified portfolio of Government securities, investment grade term finance certificates (TFCs), rated corporate debts, certificates of investments (COIs), marginal trading system (MTS), spread transactions (including spread on equity transactions) and other money market instruments.
- 1.5** JCR - VIS Credit Rating Company has upgraded management quality rating from AM2++ (stable outlook) to AM1 to the management company on December 27, 2018.
- 1.6** 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. 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)

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 stated 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 below.

### 3.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Fund's functional and presentation currency.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Policy effective from June 30, 2018

#### 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 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.

#### **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:**

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.
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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 /income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Profit / mark-up 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.
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 39	Revised carrying amount under IFRS 9
	<b>Note</b>	----- (Rupees in '000) -----			
Debt securities	(a)	Held for trading	FVTPL	506,522	506,522
Debt securities (Fully provided)	(b)	Available for sale	FVOCI	-	-
Bank balances	(c)	Loans and receivables	Amortised Cost	811,972	811,972
Deposits, prepayments and other receivables	(c)	Loans and receivables	Amortised Cost	9,972	9,972
Mark-up receivable	(c)	Loans and receivables	Amortised Cost	14,827	14,827

- (a) These financial assets classified as 'Held for trading ' have been classified as fair value through profit and loss (FVTPL)
- (b) These financial assets (fully provided) classified as Available for sale have been classified as fair value through other comprehensive income (FVOCI)
- (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 effective till June 30, 2018**

### **Financial Instruments**

#### **4.2.1 Financial assets**

Before July 01, 2018, the fund classified its financial assets in the following categories

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

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

All derivatives in a net receivable position (positive fair value), are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities.

##### **b) Financial assets classified as '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 loans and receivables or financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for the liquidity or change in price.

##### **c) Loans and receivables**

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

#### 4.2.2 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.

All regular way purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments except for margin trading system (MTS) which is recorded on the date of settlement. Regular way purchases and sales of investments are those, the contract for which requires delivery of assets within the time frame generally established by regulation or market convention.

#### 4.2.3 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.

#### 4.2.4 Subsequent measurement

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

**Financial assets classified as 'at fair value through profit or loss' and 'available-for-sale'**

##### a) Basis of valuation of debt securities

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

##### b) Basis of valuation of Government securities

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

##### c) 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 Pakistan Stock Exchange (PSX). Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

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

#### 4.2.5 Impairment

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

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

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

#### 4.2.6 Financial liabilities

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

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

#### 4.2.7 Offsetting of financial instruments

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

#### 4.2.8 Securities under repurchase / resale agreement

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

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

#### 4.3 Unitholders' fund

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

#### 4.4 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.

#### 4.6 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 estimates.

#### 4.7 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.

#### 4.8 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.

#### 4.9 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.

#### 4.10 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.



#### 4.11 Expenses

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

#### 4.12 Cash and cash equivalents

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

#### 4.13 Other assets

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

### 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:

<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

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
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

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>7. BANK BALANCES</b>			
In current accounts		50	50
In deposit accounts	7.1	<u>1,100,368</u>	<u>811,922</u>
		<u><b>1,100,418</b></u>	<u><b>811,972</b></u>

**7.1** These carry mark-up at the rates ranging between 4.00% to 13.15% per annum (2018: 4.00% to 7.50%) per annum and include a balances of Rs3.31 (2018: Rs.2.56) million and Rs.0.02 (2018: Rs.384.15) million held with United Bank Limited and Khushhali Bank Limited (related parties) respectively.

## 8. INVESTMENTS

### Investments by Category

#### Fair value through profit or loss

Government securities - Treasury Bills	8.1	-	-
Government securities - Pakistan Investment Bonds	8.2	133,252	-
Quoted Equity securities (Spread Transaction)	8.3	-	-
Debt securities - quoted	8.4	20,774	85,715
Debt securities - unquoted	8.4	275,953	420,807
		<b>429,979</b>	<b>506,522</b>

#### Fair value through Other Comprehensive Income

Debt securities - quoted	8.5	-	-
Debt securities - unquoted	8.5	-	-
		-	-

#### At Amortised cost

Letter of placement	8.6	50,079	-
Term Deposit Receipt	8.7	153,729	-
		<b>203,808</b>	<b>-</b>
		<u><b>633,787</b></u>	<u><b>506,522</b></u>

## 8.1 Government Securities - Treasury Bills - ' At Fair Value Through Profit or Loss'

						June 30, 2019				
Purchase yield range	Maturity upto	As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying value	Market value	Unrealised Gain / (loss)	Market value as a % of net assets	Market value as a % of total investments
----- (Number of holding) -----						----- (Rupees in '000) -----			----- % -----	
Market Treasury Bills - 3 months	12.65%	28-Feb-19	-	3,017,000	(3,017,000)	-	-	-	0.00%	0.00%

## 8.2 Government Securities - Pakistan Investment Bonds - ' At Fair Value Through Profit or Loss'

	Purchase yield range	Maturity upto	As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying value	Market value	Unrealised Gain / (loss)	Market value as a % of net assets	Market value as a % of total investments
	----- (Number of holding) -----					----- (Rupees in '000) -----			----- % -----		
Pakistan Investment Bonds - 3 years	12.50%	21-Jul-21	-	537,500	(387,500)	150,000	136,323	133,252	(3,071)	5.98%	21.02%
Pakistan Investment Bonds - 5 years	12.44%	12-Jul-23	-	37,500	(37,500)	-	-	-	-		
Pakistan Investment Bonds - 10 years	11.29%	21-Feb-29	-	100,000	(100,000)	-	-	-	-		

## 8.3 Quoted equity securities - Spread transactions

Name of Investee Company	Number of shares				Balance as at June 30, 2019			As percentage of total investments	As percentage of net assets	Market value as a percentage of paid-up capital of the investee
	As at July 01, 2018	Purchased during the year	Sold during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Appreciation / (diminution)			
----- (Rupees in '000) ----- % -----										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Oil and gas exploration companies										
Oil and Gas Development Company	-	20,000	20,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Fertilizer										
Fauji Fertilizer Company Limited	-	29,000	29,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Cement										
D.G. Khan Cement Company Limited	-	22,000	22,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	88,500	88,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Total equity securities (Spread Transaction) as on June 30, 2019					-	-	-			

Particulars	Note	Number of certificates					Balance as at June 30, 2019			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2018	Purchased during the year	Matured during the year	Sold during the year	As at June 30, 2019	Carrying value	Market value	Unrealised (loss) / gain		
----- (Rupees in '000) -----											----- % -----

## Personal goods

Azgard Nine Limited - TFC (September 20, 2005)	1,000	-	-	-	1,000	1,366					
Less: Provision for impairment	8.4.1					(1,366)					
						-	-	-	-	-	-
<b>Commercial banks</b>											
MCB Bank Limited - TFC (June 20, 2014)	11,300	-	-	11,300	-	-	-	-	-	-	-
Soneri Bank Limited - TFC (July 08, 2015)	2,000	-	-	1,230	770	3,915	3,729	(186)	0.21%	0.59%	
Dawood Hercules Corporation Limited - Sukuk (November 16, 2017)*	190	-	-	-	190	17,135	17,045	(90)	0.98%	2.71%	
						<b>21,050</b>	<b>20,774</b>	<b>(276)</b>	<b>1.20%</b>	<b>3.30%</b>	

21,050	20,774	(276)
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86,456	85,715	(741)
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## Personal goods

[illegible]

New Allied Electronics Industries Limited -  
TFC (May 15, 2007)

Less: Provision for impairment (see note 9.3.1)	8.4.1	(18,094)	-	-	-	0.00%	0.00%
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New Allied Electronics Industries Limited -  
Sukuk (December 03, 2007)

Less: Provision for impairment (see note 9.3.1)	8.4.1	(35,000)	-	-	-	0.00%	0.00%
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JS Bank Limited - TFC (December 14, 2016)  
JS Bank Limited - TFC (December 29, 2017)  
Habib Bank Limited - TFC (February 19, 2018)

JS Bank Limited - TFC (December 14, 2016)	9,000	-	-	-	9,000	45,287	44,335	(952)	2.56%	7.04%
JS Bank Limited - TFC (December 29, 2017)*	1,000	-	-	-	1,000	99,940	96,919	(3,021)	5.59%	15.38%
Habib Bank Limited - TFC (February 19, 2016)*	572	-	-	148	424	41,820	41,681	(139)	2.40%	6.62%
						<b>187,047</b>	<b>182,935</b>	<b>(4,112)</b>	<b>10.55%</b>	<b>29.04%</b>

Particulars	Note	Number of certificates					Balance as at June 30, 2019			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2018	Purchased during the year	Matured during the year	Sold during the year	As at June 30, 2019	Carrying value	Market value	Unrealised (loss) / gain		
							----- (Rupees in '000) -----			----- % -----	
<b>Fertilizer</b>											
Engro Fertilizers Limited - Sukuk (July 09, 2014)		3,600	-	-	3,600	-	-	-	-	0.00%	0.00%
<b>Investment bank</b>											
Jahangir Siddiqui & Co. Ltd. (July 18, 2017)		30,000	-	-	10,000	20,000	88,544	87,238	(1,306)	5.03%	13.85%
<b>Chemical</b>											
Ghani Gases Limited - Sukuk (February 02, 2017)*		93	-	-	-	93	5,871	5,781	(90)	0.33%	0.92%
<b>Electricity</b>											
WAPDA - TFC (September 27, 2013)	8.4.1	20,000	-	-	20,000	-	-	-	-	0.00%	0.00%
<b>Financial services</b>											
Security Leasing Corporation Limited - Sukuk II (September 19, 2007)		5,000	-	-	-	5,000	5,577				
Less: Provision for impairment	8.4.1						(5,577)				
							-	-	-	0.00%	0.00%
<b>Total debt securities - unquoted as at June 30, 2019</b>							<b>281,461</b>	<b>275,953</b>	<b>(5,508)</b>		
<b>Total debt securities - unquoted as at June 30, 2018</b>							<b>420,210</b>	<b>420,807</b>	<b>597</b>		
<b>Total as at June 30, 2019</b>							<b>302,511</b>	<b>296,727</b>	<b>(5,784)</b>		
<b>Total as at June 30, 2018</b>							506,666	506,522	(144)		

\* The nominal value of these TFCs and Sukuks is Rs.100,000 each.

\*\* The nominal value of this Sukuk is Rs.1,000,000 each.

**8.4.1** Due to continuous default on repayment of coupon by the issuer, the Fund has classified said investment as non-performing debt securities. The Fund has suspended further accrual of mark-up there against.

**8.4.2** Significant terms and conditions of term finance certificates outstanding at the year end are as follows:

Name of security	Interest rate per annum	Maturity
Soneri Bank Limited	6M KIBOR + 1.35%	July 08, 2023
Dawood Hercules Corporation Limited	3M KIBOR + 1.00%	November 16, 2022
JS Bank Limited	6M KIBOR + 1.40%	December 16, 2023
JS Bank Limited	6M KIBOR + 1.40%	December 29, 2024
Habib Bank Limited	6M KIBOR + 0.50%	February 19, 2026
Jahangir Siddiqui & Co. Ltd.	6M KIBOR + 1.40%	July 18, 2022
Ghani Gases Limited	3M KIBOR + 1.00%	February 02, 2023

**8.5 Debt securities - Term Finance Certificates (TFCs) and Sukuks - 'Fair value through other comprehensive income'**  
(face value of Rs.5,000 each unless otherwise stated)

Particulars	Note	Number of certificates				Balance as at June 30, 2019			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying value	Market value	Appreciation (diminution)		
						(Rupees in '000)			%	
<u>Quoted</u>										
<b>Personal goods</b>										
Azgard Nine Limited - TFC (September 20, 2005)		21,150	-	-	21,150	21,702				
Less: Provision for impairment	8.5.1					(21,702)				
						-	-	-	-	-
Azgard Nine Limited - TFC (May 17, 2010)		10,000	-	-	10,000	27,863				
Less: Provision for impairment	8.5.1					(27,863)				
						-	-	-	-	-
<b>Financial services</b>										
Trust Investment Bank Limited - TFC (July 04, 2008)		23,877	-	-	23,877	44,499				
Less: Provision for impairment	8.5.1					(44,499)				
						-	-	-	-	-
<b>Total debt securities - quoted as at June 30, 2019</b>						-	-	-	-	-
Total debt securities - quoted as at June 30, 2018						-	-	-		
<u>Unquoted</u>										
<b>Household goods</b>										
New Allied Electronics Industries (Private) Limited - TFC (May 15, 2007)		13,000	-	-	13,000	13,068				
Less: Provision for impairment	8.5.1					(13,068)				
						-	-	-	-	-
<b>Chemical</b>										
Agritech Limited - PPTFC (January 14, 2008)		147,000	-	-	147,000	558,988				
Less: Provision for impairment	8.5.1					(558,988)				
						-	-	-	-	-
Agritech Limited - PPTFC (November 30, 2007)		58,000	-	-	58,000	254,223				
Less: Provision for impairment	8.5.1					(254,223)				
						-	-	-	-	-
Agritech Limited - Sukuk (August 06, 2008)		3,800	-	-	3,800	14,453				
Less: Provision for impairment	8.5.1					(14,453)				
						-	-	-	-	-



		Number of certificates				Balance as at June 30, 2019				
Particulars	Note	As at July 01, 2018	Purchased during the year	Sold / matured / sold during	As at June 30, 2019	Carrying value	Market value	Appreciation (diminution)	Market value as a % of net assets	Market value as a % of total
						----- (Rupees in '000) -----			----- % -----	
<b>Personal goods</b>										
Azgard Nine Limited - PPTFC (December 04, 2007)		33,000	-	-	33,000	49,870				
Less: Provision for impairment	8.5.1					(49,870)				
						-	-	-	-	-
<b>Financial services</b>										
Security Leasing Corporation Limited - Sukuk II (September 19, 2007)		15,000	-	-	15,000	16,451				
Less: Provision for impairment	8.5.1					(16,451)				
						-	-	-	-	-
<b>Total debt securities - unquoted as at June 30, 2019</b>						-	-	-	-	-
Total debt securities - unquoted as at June 30, 2018						-	-	-		

**8.5.1** Due to non-recoverability of these investments, the Fund has classified these as non-performing securities and recognized full provision there against.

**8.6** This carries markup of 14% held with Pak Brunei Investment Company and will mature by 2 January 2019

**8.7** This carries markup of 11.35% held with MCB Islamic Bank and will mature by 12 July 2019

#### **8.8 REVERSAL OF PROVISION AGAINST DEBT SECURITIES - NET**

	Note	30 June 2019	30 June 2018
--- (Rupees in '000) ---			
Pre-IPO placement	8.8.1	63,889	77,778
Less: Provision for impairment		(63,889)	(77,778)
		-	-

**8.8.1** This represents Pre-IPO disbursement to Cement Company (the Company) made on January 14, 2008. As per the requirement of the Trust Deed, the IPO was to take place within 270 days of the initial disbursement, however, the Company has not yet arranged the IPO. Accordingly, the Management Company decided to suspend mark-up on this placement from October 29, 2008 and has recorded full provision against the said placement (including principal and interest) in accordance with circular no. 33 of 2012 issued by the SECP.

During the year, the Company has paid Rs.13.889 million against the said disbursement. Accordingly, the Management Company has reversed the provision for impairment with the amount received.

## 8.9 Details of non-compliant investments

Name of non-compliant investment	Type of investment	Note	As at July 01, 2018	Purchased during the year	Sold during the year	As at June 30, 2019	Carrying amount as at June 30, 2019	Percentage of total investment	percentage of net assets
			----- (Number of shares) -----			(Rupees in '000)			

Azgard Nine Limited	Preference shares	8.6.1	200,000	-	-	200,000	-	-	-
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These represents cumulative, non-voting, convertible and redeemable preference shares having a face value of Rs.10 each and carrying a profit rate of 8.95% per annum. These were due for redemption on September 30, 2009 but due to default by the company, management has made full provision of Rs.0.85 million against the outstanding amount.

Name of non-compliant investment	Exposure type	% of issue	Limit	Excess
Trust Investment Bank Limited (July 04, 2008)	Per issue	20.00%	10.00%	10.00%
Agri-tech Limited (November 30, 2007)	Per issue	19.00%	10.00%	9.00%
New Allied Electronics Industries (Private) Limited (May 15, 2007)	Per issue	17.00%	10.00%	7.00%
Security Leasing Corporation Limited (September 19, 2007)	Per issue	13.00%	10.00%	3.00%
Agri-tech Limited (January 14, 2008)	Per issue	11.00%	10.00%	1.00%

## 9. ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A 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, 150A 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
	Note	----- (Rupees in '000) -----	
<b>10. MARK-UP RECEIVABLE</b>			
Mark-up receivable on:			
- Pakistan Investment Bonds		5,094	-
- Term finance certificates and sukuks		7,478	8,862
- Deposit accounts	10.1	15,203	5,965
		<u>27,775</u>	<u>14,827</u>

**10.1** This includes receivable of Rs.0.12 (2018: Rs.0.11) million on balances maintained with United Bank Limited and Rs.0.0001 (2018: Rs.2.36) million on balances maintained with Khushhali Bank Limited (related parties).

## 11. DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES

Advance against NCCPL exposure margin		6,615	6,615
Exposure deposit with National Clearing Company Pakistan Limited (NCCPL) - Spread Transactions		6414	-
Security deposit with NCCPL		3,000	3,000
CDC deposit		100	100
Prepaid rating fee		124	123
Other receivables		1,552	134
		<u>17,805</u>	<u>9,972</u>

## 12. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	12.1	1,688	1,823
Sales tax on management fee	12.2	219	237
Allocated expenses payable	12.3	171	239
Selling and marketing expenses payable	12.4	2,094	472
Sales load payable		141	19
Other payables		83	71
		<u>4,396</u>	<u>2,861</u>

**12.1** The Management Company is entitled to remuneration for services rendered to the Fund at the rate of 8% of the gross earnings of the scheme, calculated on a daily basis not exceeding the maximum rate of remuneration based on net assets. The Fee is subject to a minimum of 0.25% of the daily net assets of the Scheme, subject to the guidelines as may be issued by the Commission from time to time.

**12.2** Sales tax at the rate of 13% (2018: 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 from November 25, 2015, being lower.

**12.4** Securities and Exchange Commission of Pakistan 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.

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>13. PAYABLE TO THE TRUSTEE</b>			
Remuneration payable	13.1	214	173
Sales tax on remuneration payable	13.2	29	23
		<u>243</u>	<u>196</u>

**13.1** 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 trustee fee for the year ended June 30, 2019 is as follows:

Net assets value	Tariff per annum
Up to Rs.1,000 million	Rs.0.6 million or 0.17% p.a. of net assets of the Fund, whichever is higher
Rs.1,000 million to Rs.5,000 million	Rs.1.7 million plus 0.085% p.a. of net assets of the Fund, on amount exceeding exceeding Rs.1,000 million
On amount exceeding Rs.5,000 million	Rs.5.1 million plus 0.07% p.a. of net assets of the Fund, on amount exceeding exceeding Rs.5,000 million

**13.2** Sales tax at the rate of 13% (2018: 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% (2018: 0.075%) of the average daily net assets of the Fund.

		30 June 2019	30 June 2018
	Note	----- (Rupees in '000) -----	
<b>15. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for indirect duties and taxes	15.1	24,359	24,359
Auditors' remuneration		258	356
Brokerage payable		568	514
Withholding tax deducted at source payable		9,246	640
Capital gains tax payable		706	764
Provision for Sindh Workers' Welfare Fund (SWWF)	15.2	12,137	10,043
Legal and professional charges payable		76	83
Custodian fee payable		45	83
Transaction charges payable to NCCPL		90	38
Other payables		1,406	2,735
		<u>48,891</u>	<u>39,615</u>

#### 15.1 Provision for indirect duties and taxes

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representatives of Collective Investment Schemes through their trustees, challenging the levy of FED.

The SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 01, 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2019 aggregates to Rs.24.36 (2018: Rs.24.360) million. Had the provision for FED 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 Rs.1.19 (2018: Rs.1.67) per unit.

## 15.2 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). Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re.0.60 (June 30, 2018: Re.0.69).

## 16. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 2.34% as on June 30, 2019 (2018: 2.28%) and this includes 0.41% (2018: 0.38%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an aggressive fixed income scheme.

## 17. CONTINGENCIES AND COMMITMENTS

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

## 18. AUDITORS' REMUNERATION

Annual audit fee  
Half yearly review fee  
Other certifications and services

Sales tax  
Out of pocket expenses

Note	June 30 2019	June 30 2018
	----- (Rupees in '000) -----	
	118	100
	69	55
	103	90
	290	245
	23	20
	50	78
	363	343

## 19. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The management intends to distribute through cash at least 90% of the Fund's net accounting income by the year-end to the unit holders. Accordingly, no provision for taxation has been made in these financial statements.

**20. 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	Directors and key executives	Other connected persons / related parties*
	(Rupees in '000)					
	June 30, 2019					
<b>Transactions during the year</b>						
Mark-up on bank accounts	-	1,665	-	-	-	-
Units issued	1,146,543	-	-	-	14,830	520,004
Units redeemed	438,600	-	-	-	10,208	10,607
Bank charges	-	28	-	-	-	-
Purchase of securities	-	45,334	-	488,502	-	-
Sale of securities	-	-	-	880,709	-	-
Remuneration (Inclusive of SST)	16,944	-	2,117	-	-	-
Expenses allocated by the Management Company	1,307	-	-	-	-	-
Selling and marketing expenses	5,227	-	-	-	-	-
Central Depository Service charges	-	-	63	-	-	-
Dividend paid	76,542	-	-	-	109	34,876
Listing fee	-	-	-	-	-	25

	June 30, 2018					
<b>Transactions during the year</b>						
Mark-up on bank accounts	-	366	-	-	-	-
Bank charges	-	29	-	-	-	-
Units issued	50,000	-	-	-	1	649,519
Units redeemed	264,853	485,830	-	-	6,383	1,117,917
Sale of securities	-	-	-	226,916	-	-
Remuneration (Inclusive of SST)	54,640	-	4,048	-	-	-
Allocated expenses by the Management Company	3,224	-	-	-	-	-
Selling and marketing expenses	472	-	-	-	-	-
Listing fee	-	-	-	-	-	25

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties**
	(Rupees in '000)					
	June 30, 2019					
<b>Balances held</b>						
Units held (units in '000)	7,850	-	-	-	55	5,715
Units held (Rupees in '000)	667,635	-	-	-	4,678	486,055
Bank balances	-	3,328	-	-	-	-
Deposits	-	-	100	-	-	-
Mark-up receivable - bank balances	-	118	-	-	-	-
Remuneration payable	1,907	-	243	-	-	-
Expenses allocated by the Management Company	171	-	-	-	-	-
Sales load and other payable	141	42	-	-	-	-
Selling and marketing	2,094	-	-	-	-	-
CDC fee payable	-	-	45	-	-	-
Other payable	83	-	-	-	-	-

	June 30, 2018					
<b>Balances held</b>						
Units held (units in '000)	-	-	-	-	1,261	5,921
Units held (Rupees in '000)	-	-	-	-	112,630	528,868
Bank balances	-	386,702	-	-	-	-
Mark-up receivable	-	2,472	-	-	-	-
Security deposit	-	-	100	-	-	-
Remuneration payable	2,060	-	196	-	-	-
Sales load and other payables	89	2	-	-	-	-
Allocated expenses payable	239	-	-	-	-	-
Selling and marketing expenses payable	472	-	-	-	-	-

## 21. FINANCIAL RISK MANAGEMENT

**21.1** 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.

### 21.2 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 interest rates, foreign exchange rates and other 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

As at June 30, 2019, the Fund holds variable rate term finance certificates and sukuks which are classified as 'designated at fair value through profit or loss' and bank balances, exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in interest rates 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.15.32 (2018: Rs.13.18) 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.2 million. (2018: Rs.Nil).

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					
Exposed to interest rate risk					
Interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to interest rate risk	Total
			(Rupees in '000)		
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	4 - 13.10	1,100,368	-	50	1,100,418
Investments classified as					
'Designated at fair value through profit or loss'		-	433,787	-	433,787
Term Deposit Receipt		153,729	-	-	153,729
Letter of placement			50,079	-	50,079
Mark-up receivable		-	-	27,775	27,775
Deposits and other receivables		-	-	17,805	17,805
		<u>1,254,097</u>	<u>50,079</u>	<u>45,630</u>	<u>1,776,534</u>
<b>Financial liabilities</b>					
Payable to the Management Company		-	-	4,396	4,396
Payable to the Trustee		-	-	243	243
Accrued and other liabilities		-	-	2,420	2,420
		<u>-</u>	<u>-</u>	<u>7,059</u>	<u>7,059</u>
<b>On-balance sheet gap</b>		<u>1,254,097</u>	<u>50,079</u>	<u>38,571</u>	<u>1,776,534</u>

June 30, 2018						
Exposed to interest rate risk						
	Interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to interest rate risk	Total
				(Rupees in '000)		
On-balance sheet financial instruments						
Financial assets						
Bank balances	4.00 to 7.50	811,922	-	-	50	811,972
Investments classified as						
'Designated at fair value through profit or loss'		-	-	506,522	-	506,522
Mark-up receivable		-	-	-	14,827	14,827
Deposits and other receivables		-	-	-	9,972	9,972
		811,922	-	506,522	24,849	1,343,293
Financial liabilities						
Payable to the Management Company		-	-	-	2,861	2,861
Payable to the Trustee		-	-	-	196	196
Accrued and other liabilities		-	-	-	3,773	3,773
		-	-	-	6,830	6,830
On-balance sheet gap		811,922	-	506,522	18,019	1,336,463

There is no off-balance sheet financial instrument that exists as at year ended June 30, 2019 and June 30, 2018.

### 21.3 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 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 summarizes the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period 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	4,396	-	-	-	4,396
Payable to the Trustee	243	-	-	-	243
Accrued and other liabilities	2,185	235	-	-	2,420
<b>Total liabilities</b>	<u>6,824</u>	<u>235</u>	<u>-</u>	<u>-</u>	<u>7,059</u>
<b>June 30, 2018</b>					
<b>Financial liabilities</b>					
Payable to the Management Company	2,861	-	-	-	2,861
Payable to the Trustee	196	-	-	-	196
Accrued and other liabilities	3,443	330	-	-	3,773
<b>Total liabilities</b>	<u>6,500</u>	<u>330</u>	<u>-</u>	<u>-</u>	<u>6,830</u>



## 21.4 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:

	June 30, 2019	June 30, 2018
	--- (Rupees in '000) ---	
Bank balances	1,100,368	811,972
Term finance certificates and sukuks	429,979	506,522

All deposits with Banks, CDC and NCCPL are highly rated and risk of default is considered minimal.

The analysis below summarizes the credit quality of the Fund's portfolio in total as on June 30, 2019 and June 30, 2018:

### Bank balances by rating category

AAA	0.452%	0.50%
AA- to AA+	99.542%	8.61%
A- to A+	0.005%	90.88%
Others	0.001%	0.01%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Term finance certificates by rating category

AAA	-	21.09%
AA- to AA+	49.19%	46.75%
A- to A+	50.81%	12.42%
Others	-	19.74%
	<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.

## 21.5 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 behavior. 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.

## 21.6 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.

## 22. 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.

The following table shows financial

**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

As at June 30, 2019 and June 30, 2018, the Fund held the following instruments measured at fair values:

	Fair value			Total
	Level 1	Level 2	Level 3	
<u>June 30, 2019</u>	----- (Rupees) -----			
<b>Financial assets measured at fair value</b>				
Debt securities	-	429,979	-	429,979
	-	429,979	-	429,979

	Fair value			Total
	Level 1	Level 2	Level 3	
<u>June 30, 2018</u>	----- (Rupees) -----			
<b>Financial assets measured at fair value</b>				
Debt securities	-	506,522	-	506,522
	-	506,522	-	506,522

**23. 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.

**24. GENERAL**

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

**24.2** 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.

**25. DATE OF AUTHORISATION FOR ISSUE**

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

**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
Associated Company and Key Executives	2	55,315	0.27
Individuals	1398	5,135,713	25.18
Insurance companies	3	2,937	0.01
NBFC	1	7,850,395	38.49
Others	23	6,660,940	32.66
Public limited companies	6	45,716	0.22
Retirement funds	12	646,503	3.17
	<b>1,445</b>	<b>20,397,520</b>	<b>100</b>

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

Name	%
Next Capital Limited	<b>24.20%</b>
Bright Capital (Pvt) Limited	<b>12.95%</b>
Vector Capital (Pvt) Limited	<b>12.17%</b>
Continental Exchange (Private) Limited	<b>9.10%</b>
JS Global Capital Limited	<b>6.48%</b>
Magenta Capital (Pvt) Ltd	<b>6.33%</b>
Icon Securities (Pvt) Limited	<b>5.54%</b>
Arif Habib Limited	<b>3.85%</b>
BIPL Securities Limited (Formerly: KASB Securities Limited)	<b>3.17%</b>
Currency Market Associates (Pvt) Limited	<b>3.17%</b>

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

S.no	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	23.00	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	6.90	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 Liquidity Plus Fund  
UBL Government Securities Fund  
UBL Asset Allocation Fund  
UBL Capital Protected Fund III  
UBL Special Savings Fund  
UBL Retirement Savings Fund

**(iv) 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:

	August 28, 2018	October 26, 2018	November 8, 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>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 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 upgraded management quality rating from AM2++ (stable outlook) to AM1 to the management company on December 27, 2018.

# UAAF

## UBL Asset Allocation Fund

### INVESTMENT OBJECTIVE

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

<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>	Ernst & Young Ford Rhodes, Chartered Accountants
<b>Bankers</b>	Allied Bank Limited Bank Alfalah Limited Habib Bank Limited JS Bank Limited MCB Bank Limited Samba Bank Limited Sindh Bank Limited Telenor Microfinance Bank Limited Zarai Taraqiati Bank Limited United Bank Limited Soneri Bank Limited
<b>Management Co.Rating</b>	AM1 (JCR-VIS)

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

- i) **Description of the Collective Investment Scheme category and type**  
Asset Allocation / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective.**  
The investment objective of the Fund is to earn competitive return by investing in various asset classes/instruments based on the market outlook.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**  
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**  
Weighted Avg. of (3M PKRV rates + 3M avg. deposit rate of 3 AA rated banks as selected by MUFAP), 6M KIBOR and KSE-100 Index based on actual proportion of the scheme in money market, fixed income and equity securities
- 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
<b>UAAF</b>	1.04%	-0.66%	-0.46%	2.07%	-0.36%	-2.79%	4.27%	-0.83%	-0.49%	-0.95%	-0.62%	-1.80%	-1.74%
<b>Benchmark</b>	1.25%	-0.47%	-0.23%	1.30%	-0.59%	-2.71%	4.36%	-1.29%	-0.09%	-1.64%	-0.49%	-1.89%	-2.65%

- 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 generated a negative return of 1.74%. The Fund maintained the exposure in local equity market of around 39% during the period while exposure in cash stood at 30%. Majority of the Fund's equity exposure was concentrated in Commercial Banks (11%), Power Generation & Distribution (9%), and Oil & Gas Exploration Companies (6%) at the end of FY19. The net assets of the fund were PKR 1.374 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
Equities	37%	39%
T-bills	0%	0%
PIBs	0%	7%
Term Finance Certificates / Sukuks	7%	11%
Cash	50%	30%
Others	6%	3%
Placements with banks	0%	11%
Spread Transaction	1%	0%

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

FY'19 Return:	-1.74%
Standard Deviation (12m trailing):	6.96%
Sharpe Ratio (12m trailing):	(1.66)

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		%
1,373,816	2,249,249	(38.92)	132.2366	134.5792	(1.74)

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**

**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.

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

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

There were no significant changes in the state of affairs of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

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

Range of Units	Number of Investors
	UAAF
0.0001 - 9,999.9999	856
10,000.0000 - 49,999.9999	87
50,000.0000 - 99,999.9999	15
100,000.0000 - 499,999.9999	9
500,000.0000 & Above	6
<b>Total</b>	<b>973</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 Asset Allocation Fund

	2019	2018	2017
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>1,373,816</b>	<b>2,249,249</b>	<b>2,634,921</b>
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees</b>			
Class A units - Offer *	<b>134.4846</b>	136.87	137.07
- Redemption	<b>132.2366</b>	134.58	134.78
<b>RETURN OF THE FUND - %</b>			
Total Return of the Fund	<b>(1.74)</b>	(0.15)	14.51
Capital Growth (per unit)	<b>(1.74)</b>	(0.15)	5.78
Date of Income Distribution	-	-	19-Jun-17
Income Distribution	-	-	7.34
<b>AVERAGE ANNUAL RETURN - %</b>			
Since Launch/ One Year	<b>(1.74)</b>	-0.15	14.51
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees</b>			
Highest price per unit - Class A units - Offer	<b>142.0558</b>	140.34	150.54
Highest price per unit - Class A units - Redemption	<b>139.6812</b>	138.00	148.02
Lowest price per unit - Class A units - Offer	<b>132.4553</b>	128.91	126.21
Lowest price per unit - Class A units - Redemption	<b>130.2412</b>	126.76	124.10

\* Front-end load @1.5% is applicable

**PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

**PORTFOLIO COMPOSITION BY CATEGORY - %**

Bank Balances	<b>30.00</b>	50.00	51.00
Placements with bank	<b>11.00</b>	0.00	9.00
Government Securities	<b>7.00</b>	0.00	0.00
TFCs/Sukuks	<b>11.00</b>	0.00	0.00
Equity	<b>39.00</b>	37.00	38.00
Others	<b>3.00</b>	13.00	2.00

**PORTFOLIO COMPOSITION BY MARKET - %**

Equity	<b>39.00</b>	37.00	38.00
Debt	<b>61.00</b>	63.00	62.00

Note:

- The Launch date of Fund is 19 August 2013.

**DISCLAIMER**

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

**Head Office**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL ASSET ALLOCATION FUND**

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

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Asset Allocation Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 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 18, 2019



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

**NAME OF FUND:** UBL Asset Allocation 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 Asset Allocation 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 Furrugh 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**

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✉ 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**



## To the unitholders of UBL Asset Allocation 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 Asset Allocation 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 Asset Allocation Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **UBL Asset Allocation 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, of 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 equity securities and debt securities) held by the Fund represent 97% 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>



Key audit matter	How our audit addressed the key audit matter
<p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</p> <p>As disclosed in note 4.1, the investment in equity securities is now classified as 'at fair value through profit and loss'. This was previously classified as 'available-for-sale'.</p> <p>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>	<p>Custodian's statement and related reconciliations and re-performance of investment valuations on the basis of quoted market prices.</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>- Assessed the appropriateness of the classification of the investment as required by IFRS 9.</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.

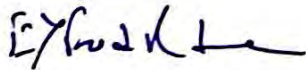
#### **Report on Other Legal and Regulatory Requirements**

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.

#### **Other matter**

The financial statements of the Fund for the year ended 30 June 2018, were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 August 2018.

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 ASSET ALLOCATION FUND**  
**STATEMENT OF ASSETS & LIABILITIES**  
**AS AT JUNE 30, 2019**

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	7	416,702	1,146,417
Investments	8	941,434	1,019,345
Dividend and mark-up receivable	9	21,534	14,339
Advance tax	10	1,119	1,113
Deposits and other receivables	11	10,559	58,276
Preliminary expenses and floating costs	12	-	30
Receivable against settlement of spread transactions		-	37,347
Receivable against sale of investments		7,105	-
<b>Total assets</b>		<b>1,398,453</b>	<b>2,276,867</b>
<b>LIABILITIES</b>			
Payable to the Management Company	13	3,064	5,338
Payable to the Trustee	14	225	302
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	15	1,841	2,196
Accrued expenses and other payables	16	18,809	19,782
Payable against purchase of investments		698	-
<b>Total liabilities</b>		<b>24,637</b>	<b>27,618</b>
<b>NET ASSETS</b>		<b>1,373,816</b>	<b>2,249,249</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,373,816</b>	<b>2,249,249</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	18		
		----- (Number) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>10,389,075</b>	<b>16,713,201</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>132.2366</b>	<b>134.5792</b>

The annexed notes 1 to 26 form an integral part of financial information.

For UBL Fund Managers Limited  
(Management Company)

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

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

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

**UBL ASSET ALLOCATION FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019	June 30, 2018
Note	----- (Rupees in '000) -----	
<b>Income</b>		
Financial income on:		
- Bank balances	60,492	40,808
- Term Deposit Receipts	14,288	180
- Government Securities	23,546	35,771
- Term Finance Certificates	16,659	11,667
Net capital loss sale of investments	(24,419)	(114,131)
Dividend income	57,650	58,947
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss'	(128,482)	(15,207)
Other income	64	255
	<b>19,798</b>	<b>18,290</b>
Impairment loss on 'available for sale' equity securities	-	(10,071)
<b>Total income</b>	<b>19,798</b>	<b>8,219</b>
<b>Expenses</b>		
Remuneration of the Management Company	13.1 19,382	23,112
Sales tax on Management fee	13.2 2,520	3,005
Allocation of expenses relating to the Fund	13.3 1,938	2,311
Selling and marketing expense	13.4 7,753	9,245
Remuneration of the Trustee	14.1 2,938	3,312
Sales tax on remuneration of the Trustee	14.2 382	430
Annual fee to Securities and Exchange Commission of Pakistan	15 1,841	2,196
Auditors' remuneration	19 530	508
Legal and professional charges	209	155
Brokerage and settlement expenses	2,574	2,046
Amortisation of preliminary expenses and floatation costs	12 30	199
Listing fee expense	27	27
Bank charges and other expenses	140	1,369
<b>Total expenses</b>	<b>40,264</b>	<b>47,915</b>
<b>Net operating loss for the year</b>	<b>(20,466)</b>	<b>(39,696)</b>
<b>Net loss for the year before taxation</b>	<b>(20,466)</b>	<b>(39,696)</b>
Taxation	20 -	-
<b>Net loss for the year after taxation</b>	<b>(20,466)</b>	<b>(39,696)</b>
<i>Allocation of net income for the year:</i>		
Net income for the year after taxation	-	-
Income already paid on units redeemed	-	-
	-	-
<i>Accounting income available for distribution:</i>		
- Relating to capital gains	-	-
- Excluding capital gains	-	-
	-	-
<b>Earnings per unit</b>	25.2	

The annexed notes 1 to 26 form an integral part of financial information.

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

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

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

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

**UBL ASSET ALLOCATION FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018 -----
Net loss for the year after taxation	(20,466)	(39,696)
<b>Other comprehensive income:</b>		
Net unrealised diminution on revaluation of investments classified as 'fair value through other comprehensive income'	-	(8,237)
<b>Total comprehensive loss for the year</b>	<u><u>(20,466)</u></u>	<u><u>(47,933)</u></u>

The annexed notes 1 to 26 form an integral part of financial information.

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

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

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

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

**UBL ASSET ALLOCATION FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year before taxation	(20,466)	(39,696)
<b>Adjustments for:</b>		
Financial income	(114,985)	(88,426)
Net capital loss on redemption and sale of investment	24,419	114,131
Dividend income	(57,650)	(58,947)
Net unrealised loss on revaluation of investments classified as 'at fair value through profit or loss'	128,482	15,207
Impairment loss on 'available for sale' equity securities	-	10,071
Amortisation of preliminary expenses and floatation costs	30	199
	(19,704)	(7,765)
Net cash flows used in operations before working capital changes	(40,170)	(47,461)
 <b>Decrease / (increase) in assets</b>		
Investments	75,010	111,549
Advance tax	(6)	(90)
Deposits and other receivables	47,717	(42,331)
Receivable against settlement of spread transactions	37,347	(37,347)
Receivable against sale of investments	(7,105)	-
	152,963	31,781
 <b>(Decrease) / increase in liabilities</b>		
Payable to the Management Company	(2,274)	(1,488)
Payable to the Trustee	(77)	(47)
Payable to Securities and Exchange Commission of Pakistan	(355)	(87)
Accrued and other payables	(973)	(6,982)
Payable against purchase of investments	698	-
	(2,981)	(8,604)
Dividend and mark-up received	165,440	144,414
<b>Net cash flows generated from operating activities</b>	275,252	120,130
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	168,258	1,407,462
Payments on redemption of units	(1,023,225)	(1,745,200)
<b>Net cash flows used in financing activities</b>	(854,967)	(337,738)
<b>Net decrease in cash and cash equivalents</b>	(579,715)	(217,608)
Cash and cash equivalents at beginning of the year	1,146,417	1,364,025
<b>Cash and cash equivalents at end of the year</b>	566,702	1,146,417
 <b>CASH AND CASH EQUIVALENTS</b>		
Bank balances	416,702	1,146,417
Term deposit receipt - 3 months	150,000	-
	566,702	1,146,417

The annexed notes 1 to 26 form an integral part of financial information.

For UBL Fund Managers Limited  
(Management Company)

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

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

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



The annexed notes 1 to 26 form an integral part of financial information.

SD

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Chief Executive Officer

SD

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Chief Financial Officer

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

**UBL ASSET ALLOCATION FUND  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2019**

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

- 1.1** UBL Asset Allocation Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open end mutual fund by the Securities and Exchange Commission of Pakistan. It was constituted under a Trust Deed, dated May 29, 2013 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited ("CDC") as the Trustee.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi.
- 1.3** The Fund is an open end mutual fund and units of the fund are listed on the Pakistan Stock Exchange Limited. The units of the Fund can be transferred to/from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units of the Fund were initially offered to the public (IPO) on August 19, 2013. The Fund commenced its operations from August 20, 2013.
- 1.4** The policy of the Fund is to invest in a diversified portfolio of shares of listed companies, spread transactions and other money market instruments. Under circular 07 dated March 06, 2009 issued by the SECP, the Fund has been categorised by the Management Company as an Asset Allocation Fund.
- 1.5** 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.
- 1.6** JCR - VIS Credit Rating Company has reaffirmed management quality rating of AM1 on December 27, 2018.

**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.

**2.3 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** 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 4.1 and 4.2

### **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;
- 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;
- 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 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:**

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.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Profit / mark-up 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.
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.

Financial assets	Note	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
Debt securities	(a)	Held for trading	FVTPL	160,828	160,828
Quoted equity securities	(a)	Held for trading	FVTPL	338,481	338,481
Quoted equity securities (Spread Transaction)	(a)	Held for trading	FVTPL	16,990	16,990
Fair value of derivative asset	(a)	Held for trading	FVTPL	1,671	1,671
Quoted equity securities	(b)	Available for Sale	FVTPL	501,375	501,375
Bank balances	(c)	Loans and receivables	Amortised cost	1,146,417	1,146,417
Dividend receivable and mark-up receivable	(c)	Loans and receivables	Amortised cost	14,338	14,338
Deposits and other receivables	(c)	Loans and receivables	Amortised cost	57,976	57,976

(a) These financial assets classified as 'Held for trading ' have been classified as fair value through profit and 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) The 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 Instruments

#### 4.2.1 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss or available-for-sale investment, as appropriate.

All investments are initially measured at fair value plus, in the case of investments not at fair value through profit or loss transaction costs that are directly attributable to acquisition.

All regular way purchases and sales of investments are recognized on the trade date i.e. the date the Fund commits to purchase / sell the investment. Regular way purchases and sales of investments are those, the contract for which requires delivery of assets within the time frame generally established by regulation or market convention.

The Fund classifies investments in the following categories:

#### Investments at Held for trading

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 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 Sukuk Certificates

The investment of the Fund in debt securities is 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. 1 of 2009 dated January 06, 2009 as amended by Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorizes 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) Basis of valuation of GOP Ijarah Sukuks**

Fair value of GOP Ijarah Sukuks is determined using the PKISRV Reuters rate circulated by Mutual Funds Association of Pakistan (MUFAP).

**c) Basis of valuation of equity securities / units of mutual funds**

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.

**4.2.2 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.

**4.2.3 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.

**4.2.4 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 cost**

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 November 07, 2010 in accordance with the Trust Deed.

#### 4.4 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.

#### 4.5 Provisions

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

#### 4.6 Unitholders' fund

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

#### 4.7 Net asset value per unit

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

#### 4.8 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.

#### 4.9 Revenue recognition

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

#### 4.10 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.



#### 4.11 Cash and cash equivalents

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

### 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 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
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>			
Saving accounts	7.1	<u><u>416,702</u></u>	<u><u>1,146,417</u></u>

7.1 These carry mark-up at the rates ranging from 4.25% to 13.15% (June 30, 2018: 4.00% to 6.61%) per annum and include a balance of Rs.3.739 (June 30, 2018: Rs.5.628) million held with United Bank Limited (a related party).

## **8. INVESTMENTS**

### **At Fair Value Through Profit or Loss**

- Government securities - Market treasury bills	8.1	-	-
- Government securities - Pakistan Investment Bonds	8.2	<b>99,760</b>	-
- Debt securities - Term Finance Certificates / Sukuks	8.3	<b>148,917</b>	160,828
- Quoted equity securities	8.4	<b>542,757</b>	338,481
- Quoted equity securities (spread transactions)	8.5	-	16,990
- Fair value of derivative		-	1,671
		<u><u>791,434</u></u>	<u><u>517,970</u></u>

### **Available for sale**

- Quoted equity securities		-	501,375
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### **At Amortised Cost**

- Term Deposit Receipt	8.6	<u><u>150,000</u></u>	-
		<u><u>941,434</u></u>	<u><u>1,019,345</u></u>

**8.1 Government securities - Treasury Bills 'at fair value through profit or loss'**  
(certificates having a nominal value of Rs.100,000 each)

Particulars	Note	As at July 01, 2018	Purchased during the year	Disposed / matured during the year	As at June 30, 2019	Balance as at June 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (Diminution)		
----- Number of certificates -----						----- (Rupees in '000) -----			----- % -----	
Market treasury bills - 3 months		-	25,530	(25,530)	-	-	-	-	-	-
June 30, 2019						-	-	-	-	-
June 30, 2018						-	-	-		

**8.2 Government securities - Pakistan Investment Bonds 'at fair value through profit or loss'**  
(certificates having a nominal value of Rs.100 each)

Particulars	Note	As at July 01, 2018	Purchased during the year	Disposed / matured during the year	As at June 30, 2019	Balance as at June 30, 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation / (Diminution)		
----- Number of certificates -----						----- (Rupees in '000) -----			----- % -----	
Pakistan Investment Bonds - 10 years	8.2.1	-	6,625,000	(5,625,000)	1,000,000	99,522	99,760	238	7.26%	12.60%
June 30, 2019						99,522	99,760	238	7.26%	12.60%
June 30, 2018						-	-	-		

**8.2.1** This Pakistan Investment Bonds carry interest at the rate ranging from 8.5526% to 11.0499% per annum. These will mature latest by August 09, 2028.

**8.3 Investment in debt securities - at fair value through profit or loss**  
**(Term Finance Certificates of Rs.5,000 each)**

Name of Security	Note	As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Appreciation / (Diminution)	Percentage of total investments	Percentage of net assets
		----- (Number of certificates) -----			----- (Rupees in '000) -----					
Unquoted										
Power generation and distribution										
Pakistan Water and Power Development Authority (WAPDA)		2,000	-	(2,000)	-	-	-	-	-	-
Investment and brokerage services										
Dawood Hercules Corporation Limited	8.3.1 &	40	-	-	40	3,607	3,588	(19)	0.45%	0.26%
Jahangir Siddiqui and Company Limited	8.3.2	30,000	-	-	30,000	132,815	130,856	(1,959)	17%	9.53%
Cement										
Javedan Corporation Limited	8.3.1 & 8.3.2	-	150	-	150	15,000	14,473	(527)	2%	1.05%
Total as at June 30, 2019		32,040	150	(2,000)	30,190	151,422	148,917	(2,505)		
Total as at June 30, 2018						159,042	160,828	1,786		

**8.3.1** These carry profit rate from 7.42% to 12.99% (June 2018: from 6.92% to 7.23%).

**8.3.2** Significant terms and conditions of term finance certificates outstanding as at June 30, 2019 are as follows:

Name of securities	Mark-up rate (per annum)	Issue date	Maturity date
Dawood Hercules Corporation Limited	3 Months KIBOR +1%	16-Nov-17	16-Nov-22
Jahangir Siddiqui and Company	6 Months KIBOR +1.4%	18-Jul-17	18-Jul-22
Javedan Corporation Limited	6 Months KIBOR +1.75%	4-Oct-18	4-Oct-26

## 8.4 Quoted equity securities - 'at fair value through profit or loss'

Name of the investee company	Note	As at July 01, 2018	Reclassification to fair value through profit and loss (see note 4.1)	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2019	Cost / carrying value as at June 30, 2019	Market value as at June 30, 2019	(Diminution) / appreciation	Percentage of total investments	Percentage of net assets	Paid-up capital of investee company (with face value of investment)
<div>(Number of shares) (Rupees in '000) (%)</div>													
Unless stated otherwise, the holdings are in ordinary shares of Rs.10 each.													
Oil and gas exploration companies													
Mari Petroleum Company Limited		-	3,980	3,160	398	-	7,538	10,261	7,608	(2,653)	0.96%	0.55%	0.01%
Oil and Gas Development Company Limited		217,200	27,000	77,000	-	(89,500)	231,700	35,412	30,466	(4,946)	3.85%	2.22%	0.01%
Pakistan Petroleum Limited		157,500	20,000	22,200	26,625	(88,200)	138,125	25,393	19,949	(5,444)	2.52%	1.45%	0.05%
Pakistan Oil Fields Limited		-	92,550	24,100	18,510	(80,500)	54,660	29,919	22,186	(7,733)	2.80%	1.61%	0.00%
								100,985	80,209	(20,776)	10.13%	5.84%	0.06%
Oil and gas marketing companies													
Pakistan State Oil Company Limited	8.4.2	41,120	46,200	50,700	16,464	(88,700)	65,784	15,511	11,159	(4,352)	1.41%	0.81%	0.02%
Power generation and distribution													
Hub Power Company Limited		222,800	379,000	78,491	76,871	(57,500)	699,662	61,144	55,098	(6,046)	6.96%	4.01%	0.05%
Pakgen Power Limited		-	446,000	-	-	-	446,000	8,599	6,324	(2,275)	0.80%	0.46%	0.12%
Lalpir Power Limited		-	563,000	-	-	-	563,000	10,815	7,319	(3,496)	0.92%	0.53%	0.15%
Saif Power Limited		-	3,356,500	85,000	-	(488,000)	2,953,500	78,239	55,408	(22,831)	7.00%	4.03%	0.76%
								158,797	124,149	(34,648)	15.69%	9.04%	1.09%
Chemicals													
ICI Pakistan Limited		19,050	-	-	-	(19,050)	-	-	-	-	0.00%	0.00%	0.00%
Lotte Chemical Pakistan Limited		-	-	40,000	-	-	40,000	588	610	22	0.08%	0.04%	0.00%
Engro Polymer & Chemicals Limited		297,000	200,000	241,368	-	(235,500)	502,868	15,767	13,557	(2,210)	1.71%	0.99%	0.06%
								16,355	14,167	(2,188)	1.79%	1.03%	0.06%
Fertilizer													
Engro Corporation Limited		105,400	87,800	40,500	10,940	(131,100)	113,540	32,516	30,156	(2,360)	3.81%	2.20%	0.02%
Engro Fertilizers Limited	8.4.1	543,000	376,500	-	-	(710,000)	209,500	15,694	13,402	(2,292)	1.69%	0.98%	0.02%
Fauji Fertilizer Bin Qasim Limited		-	200,000	330,500	-	(224,500)	306,000	12,056	5,578	(6,478)	0.70%	0.41%	0.03%
Fauji Fertilizer Company Limited		-	87,000	191,000	-	(141,000)	137,000	13,446	11,946	(1,500)	1.51%	0.87%	0.01%
Dawood Hercules Corporation Limited		-	-	50,000	-	(50,000)	-	-	-	-	-	-	-
								73,712	61,082	(12,630)	7.72%	4.45%	0.08%
Cement													
Attock Cement Pakistan Limited		20,000	-	-	-	(20,000)	-	-	-	-	-	-	-
Cherat Cement Company Limited		148,000	103,000	93,800	-	(234,800)	110,000	5,709	3,406	(2,303)	0.43%	0.25%	0.06%
Kohat Cement Company Limited		79,000	148,900	50,000	69,870	(7,000)	340,770	32,164	17,901	(14,263)	2.26%	1.30%	0.17%
Pioneer Cement Limited		-	39,000	100,000	-	(35,000)	104,000	2,773	2,356	(417)	0.30%	0.17%	0.05%
D.G Khan Cement Company Limited		14,000	17,500	11,500	-	(43,000)	-	-	-	-	-	-	-
Lucky Cement Limited		-	-	86,400	-	(66,450)	19,950	7,479	7,590	111	0.96%	0.55%	0.01%
Fauji Cement Company Limited		-	15,000	-	-	(15,000)	-	-	-	-	-	-	-
								48,125	31,253	(16,872)	3.95%	2.27%	0.28%
Automobile parts and accessories													
Atlas Honda Limited		-	-	27,150	-	(27,150)	-	-	-	-	-	-	-
Thal Limited *		37,550	-	3,600	-	(19,900)	21,250	9,708	7,736	(1,972)	0.98%	0.56%	0.05%
								9,708	7,736	(1,972)	0.98%	0.56%	0.05%
Investment banks / investment companies / securities companies													
Pakistan Stock Exchange Limited		833	-	-	-	(833)	-	-	-	-	-	-	-
								-	-	-	0.00%	0.00%	0.00%

Name of the investee company	Note	As at July 01, 2018	Reclassification to fair value through profit and loss (see note 4.1)	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2019	Cost / carrying value as at June 30, 2019	Market value as at June 30, 2019	(Diminution) / Appreciation	Percentage of total investments	Percentage of net assets	Paid-up capital of investee company (with face value of investment)
				(Number of shares)			(Rupees in '000)			(%)			
<b>Commercial banks</b>													
Habib Bank Limited		22,600	265,400	266,000	-	(158,300)	395,700	58,867	44,817	(14,050)	5.66%	3.26%	0.03%
Allied Bank Limited		438,000	208,500	50,500	-	(367,500)	329,500	34,035	34,604	569	4.37%	2.52%	0.03%
Bank Alfalah Limited		160,000	535,000	171,000	69,500	(55,000)	880,500	41,384	38,381	(3,003)	4.85%	2.79%	0.05%
Faysal Bank Limited	8.4.2	1,150	-	-	-	(1,000)	150	4	3	(1)	0.00%	0.00%	0.00%
MCB Bank Limited		-	-	55,000	-	(55,000)	-	-	-	-	-	-	-
United Bank Limited**	8.4.1	80,900	161,500	195,000	-	(181,600)	255,800	41,005	37,700	(3,305)	4.76%	2.74%	0.02%
National Bank of Pakistan		-	-	122,000	-	(122,000)	-	-	-	-	-	-	-
								<b>175,295</b>	<b>155,505</b>	<b>(19,790)</b>	<b>19.65%</b>	<b>11.32%</b>	<b>0.13%</b>
<b>Textile</b>													
Nishat Mills Limited		600	-	152,000	-	(44,400)	108,200	14,517	10,099	(4,418)	1.28%	0.74%	0.03%
Gul Ahmed Textile Mills Limited		-	-	622,000	-	(276,000)	346,000	15,265	16,304	1,039	2.06%	1.19%	0.10%
								<b>29,782</b>	<b>26,403</b>	<b>(3,379)</b>	<b>3.34%</b>	<b>1.92%</b>	<b>0.13%</b>
<b>Engineering</b>													
Amreli Steels Limited		100	92,500	-	-	(92,500)	100	7	2	(5)	0.00%	0.00%	0.00%
International Industries limited		-	-	10,000	-	(10,000)	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited		227,896	-	-	-	(227,896)	-	-	-	-	-	-	-
Aisha Steel Limited		900	100,000	-	-	(100,900)	-	-	-	-	-	-	-
International Steels Limited		-	-	11,000	-	(11,000)	-	-	-	-	-	-	-
								<b>7</b>	<b>2</b>	<b>(5)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Food and personal care products</b>													
Al Shaheer Corporation Limited		-	-	98,000	-	-	98,000	2,030	1,235	(795)	0.16%	0.09%	0.07%
<b>Glass and ceramics</b>													
Tariq Glass Industries Limited		127,800	-	-	-	(91,500)	36,300	3,890	2,782	(1,108)	0.35%	0.20%	0.05%
<b>Paper and board</b>													
Packages Limited		-	-	11,600	-	(6,200)	5,400	1,737	1,623	(114)	0.21%	0.12%	0.01%
<b>Refinery</b>													
National Refinery Limited		-	-	300	-	-	300	44	34	(10)	0.00%	0.00%	0.00%
<b>Insurance</b>													
Adamjee Insurance Company Limited		-	423,500	208,500	-	-	632,000	29,274	22,152	(7,122)	2.80%	1.61%	0.18%
<b>Pharmaceuticals</b>													
The Searle Company Limited	8.4.2	6,622	-	18,800	318	(4,500)	21,240	3,495	3,113	(382)	0.39%	0.23%	0.01%
Highnoon Laboratories Limited	8.4.2	5,546	-	-	54	(5,000)	600	225	153	(72)	0.02%	0.01%	0.00%
								<b>3,720</b>	<b>3,266</b>	<b>(454)</b>	<b>0.41%</b>	<b>0.24%</b>	<b>0.01%</b>
<b>Total equity securities 'at fair value through profit or loss' as at June 30, 2019</b>								<b>668,972</b>	<b>542,757</b>	<b>(126,215)</b>	<b>69%</b>	<b>40%</b>	

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

\*\* This represents investment held in a related party.

8.4.1 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)
Engro Fertilizer limited	200,000	12,794
United Bank Limited	50,000	7,369
	<b>250,000</b>	<b>20,163</b>

**8.4.2** The Finance Act, 2015 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. The Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemptions available to mutual funds under clause 99 of Part I and clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Certain 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.436,153 at June 30, 2019. Such shares have not been deposited by the investee company in CDC account in Income Tax department. The Fund has included the shares withheld in its investments and recorded them at fair market value at year end. Furthermore, the Finance Act 2018 has brought an amendment in the Income Tax Ordinance 2001, whereby the 5% withholding tax on bonus shares has been withdrawn. Therefore, the bonus shares received during the period ended June 30, 2019, are not liable to withholding of Income Tax.

#### 8.5 Quoted equity securities - Spread transactions

Name of the investee company	As at July 01, 2018	Purchased during year	Sold during the year	As at June 30, 2019	Cost / carrying value as at June 30, 2019	Market value as at June 30, 2019	Appreciation / (diminution)	As percentage of total investments	As percentage of net assets	Market value as a percentage of paid-up capital of the investee
(Number of shares)					(Rupees in '000)			(%)		
Unless stated otherwise, the holdings are in ordinary shares of Rs.10 each.										
<b>Refinery</b>										
Attock Refinery Limited	-	16,000	(16,000)	-	-	-	-	-	-	-
<b>Cement</b>										
D.G Khan Cement Company Limited	-	19,500	(19,500)	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	41,500	(41,500)	-	-	-	-	-	-	-
Power Cement Limited	2,039,500	-	(2,039,500)	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	37,500	(37,500)	-	-	-	-	-	-	-
Pioneer Cement Limited	-	28,500	(28,500)	-	-	-	-	-	-	-
<b>Fertilizer</b>										
Engro Fertilizers Limited	-	61,500	(61,500)	-	-	-	-	-	-	-
Engro Corporation Limited	-	5,000	(5,000)	-	-	-	-	-	-	-
<b>Food and personal care products</b>										
Fauji Foods Limited	-	205,000	(205,000)	-	-	-	-	-	-	-
Engro Foods Limited	-	6,000	(6,000)	-	-	-	-	-	-	-
<b>Oil and gas exploration companies</b>										
Oil and Gas Development Company Limited	-	4,500	(4,500)	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	2,000	(2,000)	-	-	-	-	-	-	-
Sui Northern Gas Pipelines	-	12,000	(12,000)	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	28,000	(28,000)	-	-	-	-	-	-	-
<b>Commercial banks</b>										
The Bank of Punjab	-	6,646,000	(6,646,000)	-	-	-	-	-	-	-
United Bank Limited	-	156,000	(156,000)	-	-	-	-	-	-	-
<b>Textile composite</b>										
Nishat Chunian Limited	-	6,000	(6,000)	-	-	-	-	-	-	-
<b>Total equity securities (Spread Transaction) as on June 30, 2019</b>					-	-	-	-	-	-

**8.6** This carry mark-up of 11.35% held with MCB Islamic Bank and will mature by July 12, 2019

#### 8.7 Disclosure of Excess Exposure as at June 30, 2019

Name of investment	Exposure type	% of Net Assets	Limit	Excess / Less
MCB Islamic Bank -TDR	Per Entity	10.92%	10%	0.92%

		June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
<b>9. DIVIDEND AND MARK-UP RECEIVABLE</b>			
Dividend receivable		795	2,025
<b>Mark-up receivable on:</b>			
- Bank balances	9.1	4,740	7,054
- Term deposit receipt		3,979	-
- Pakistan Investment Bonds		4,325	-
- Term finance certificates		7,695	5,259
		<u>21,534</u>	<u>14,339</u>

**9.1** This include receivable of Rs.0.034 (2018: Rs.0.021) million on balance maintained with United Bank Limited (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, 150A 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. DEPOSITS AND OTHER RECEIVABLES

Advance against NCCPL exposure margin - spread transaction	7,328	54,753
Security deposit with:		
-Central Depository Company of Pakistan	100	100
-National Clearing Company of Pakistan Limited	3,000	3,000
Other receivables	131	423
	<u>10,559</u>	<u>58,276</u>

#### 12. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	30	229
Amortisation during the year	(30)	(199)
	<u>-</u>	<u>30</u>

**12.1** This represent expense incurred in connection with the incorporation, registration, establishment and authorization of the Fund which are to be amortized over a period of five years commencing from 20 August, 2013 in accordance with the Trust Deed and NBFC Regulations.

#### 13. PAYABLE TO THE MANAGEMENT COMPANY

Management remuneration payable	13.1	1,173	1,854
Sindh Sales Tax on management remuneration	13.2	153	241
Payable against allocated expenses	13.3	117	376
Selling and marketing expenses	13.4	1,496	2,266
Sales load payable to Management Company and others		125	601
		<u>3,064</u>	<u>5,338</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 1 percent per annum of the average daily net assets of the Fund.

**13.2** Sale tax on 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 of 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.

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018
<b>14. PAYABLE TO THE TRUSTEE</b>			
Remuneration payable	14.1	200	267
Sales tax on remuneration payable	14.2	26	35
		<u>225</u>	<u>302</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 trustee fee for the year ended June 30, 2019 is as follows:

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

**14.2** Sale tax on Management Remuneration has been charged at the rate of 13% (2018: 13%).

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

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

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018
<b>16. ACCRUED EXPENSES AND OTHER PAYABLES</b>			
Provision for indirect duties and taxes	16.1	<b>6,977</b>	6,977
Provision for Sindh Workers' Welfare Fund	16.2	<b>10,804</b>	10,804
Brokerage payable		<b>385</b>	591
Auditors' remuneration payable		<b>359</b>	341
Other payables		<b>285</b>	1,070
		<b>18,809</b>	19,782

#### 16.1 Provision for indirect duties and taxes

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 04, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representatives of Collective Investment Schemes through their trustees, challenging the levy of FED.

During the previous year, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 01, 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2019 aggregates to Rs.6.977 (2018: Rs.6.977) million. Had the provision for FED 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.0.6 (2018: Re.0.38) per unit.

#### 16.2 Provision for Sindh Workers' Welfare Fund

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 Rs.1.04 (2018: Re.0.65) 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**

As per Directive 23 of 2016 dated July 20, 2016 issued by Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund is 2.08% as on June 30, 2019 which includes 0.26% representing Government Levy, Workers' Welfare Fund and SECP fee. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulation 60(5) for a collective investment scheme categorised as an income scheme.

**18. CONTINGENCIES AND COMMITMENTS**

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

**19. AUDITORS' REMUNERATION**

	June 30, 2019	June 30, 2018
Note	----- (Rupees in '000) -----	
Annual audit fee	181	151
Half yearly review fee	129	130
Fee for other certifications and services	134	134
	<u>444</u>	<u>414</u>
 Sale tax	 36	 33
Out of pocket expenses	50	60
	<u>530</u>	<u>508</u>

**20. TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken in to 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. Since no distributable income has been earned by the Fund, therefore, no dividend has been distributed.

**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 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:

	June 30, 2019					
	Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
Transactions during the year						
Units issued	-	-	-	-	800	-
Units redeemed	-	-	-	-	6,221	-
Profit on savings accounts	-	258	-	-	-	-
Bank charges	-	10	-	-	-	-
Purchase of securities	-	91,582	-	-	-	-
Sale of securities	-	334,901	-	244,233	-	-
Dividend income	-	2,508	-	-	-	-
Remuneration (inclusive of SST)	21,902	-	3,320	-	-	-
Allocation of expenses relating to the Fund	1,938	-	-	-	-	-
Listing fee	-	-	-	-	-	25
Selling and marketing expense	7,753	-	-	-	-	-
CDC Charges	-	-	79	-	-	-

	June 30, 2018					
Transactions during the year						
Units issued	-	-	-	-	2,035	-
Units redeemed	-	801,196	-	-	400	-
Profit on savings accounts	-	265	-	-	-	-
Bank charges	-	23	-	-	-	-
Purchase of securities	-	312,732	-	-	-	-
Sale of securities	-	68,282	-	499,367	-	-
Dividend income	-	3,215	-	-	-	0
Remuneration (inclusive of SST)	26,117	-	3,742	-	-	-
Allocation of expenses relating to the Fund	2,311	-	-	-	-	-
Listing fee	-	-	-	-	-	25
Selling and marketing expense	9,245	-	-	-	-	-
CDC Charges	-	-	151	-	-	-

	June 30, 2019					
	Management Company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
<b>Balances held</b>						
Units held (Number of units in '000)	-	-	-	-	16	1,095
Units held (Amount in '000)	-	-	-	-	2,150	144,859
Bank balances	-	3,739	-	-	-	-
Remuneration payable	1,326	-	-	-	-	-
Sales load and other payable	125	43	-	-	-	-
Selling and marketing expense payable	1,496	-	-	-	-	-
Allocated expenses	117	-	-	-	-	-
Profit receivable	-	35	-	-	-	-
Remuneration payable to Trustee	-	-	225	-	-	-
Investments	-	37,700	-	-	-	-

	June 30, 2018					
<b>Balances held</b>						
Units held (Number of units in '000)	-	-	-	-	56	-
Units held (Amount in '000)	-	-	-	-	7,572	-
Bank balances	-	5,628	-	-	-	-
Remuneration payable	2,095	-	-	-	-	-
Sales load and other payable	601	604	-	-	-	-
Selling and marketing expense payable	2,266	-	-	-	-	-
Allocated expenses	376	-	-	-	-	-
Profit receivable	-	22	-	-	-	-
Remuneration payable to Trustee	-	-	302	-	-	-
Investments	-	40,977	-	-	-	-

## 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 debt security prices.

#### (i) Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial instruments and future cash flows. The profit rate environment is monitored on a regular basis and the portfolio mix of fixed and floating rate securities is altered. The Fund's investment in fixed profit rate securities expose it to fair value profit rate risk and investments in variable profit rate securities expose the Fund to cash flow profit rate risk.

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

The Fund's PLS saving accounts, investment in PIB's and TFC's are exposed to variable rate risk. In case of 100 basis points increase / decrease in interest rates 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.6.653 (2018: Rs.13.072) million.

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

As at June 30, 2019, the fund hold fixed rate Term Deposit Receipt (TDR) which is classified as investments and carried at amortised cost. The net income and net asset would have no impact as at June 30, 2019.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit 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.

June 30, 2019					
Exposed to profit rate risk					
Profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to profit rate risk	Total
(Rupees in '000)					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	4.25% - 13.15%	416,702	-	-	416,702
Investment	7.42% - 13%	-	-	248,677	791,434
Term Deposit Receipt	11.35%	150,000	-	-	150,000
Dividend receivable and mark-up receivable		-	-	21,534	21,534
Deposits and other receivables		-	-	10,559	10,559
		<u>566,702</u>	<u>-</u>	<u>248,677</u>	<u>1,390,229</u>
<b>Financial liabilities</b>					
Payable to the Management Company		-	-	3,064	3,064
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	225	225
Payable against purchase of equity securities		-	-	698	698
Accrued expenses and other payables		-	-	1,029	1,029
		<u>-</u>	<u>-</u>	<u>5,016</u>	<u>5,016</u>
<b>On-balance sheet gap</b>		<u>566,702</u>	<u>-</u>	<u>248,677</u>	<u>1,385,214</u>

June 30, 2018						
Exposed to profit rate risk						
	Profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to profit rate risk	Total
On-balance sheet financial instruments						
Financial assets						
Bank balances	4% - 6.6%	1,146,417	-	-	-	1,146,417
Investment	7% - 7.4%	1,671	-	160,828	856,846	1,019,345
Receivable against settlement of spread transactions		-	-	-	37,347	37,347
Dividend receivable and mark-up receivable		-	-	-	14,339	14,339
Deposits and other receivables		-	-	-	58,276	58,276
		1,148,088	-	160,828	966,808	2,275,724
Financial liabilities						
Payable to the Management Company		-	-	-	5,338	5,338
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	302	302
Payable against purchase of equity securities		-	-	-	-	-
Accrued expenses and other payables		-	-	-	2,002	2,002
		-	-	-	7,642	7,642
<b>On-balance sheet gap</b>		<b>1,148,088</b>	<b>-</b>	<b>160,828</b>	<b>959,166</b>	<b>2,268,083</b>

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2019 and 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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## (iii) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares. 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 15% of issued capital of that investee company and the net assets of the Fund with overall limit of 35% 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	27,138	42,842
Unit holders' fund	27,138	42,842

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

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
<b>June 30, 2019</b>	(Rupees in '000)				
<b>Financial liabilities</b>					
Payable to the Management Company	3,064	-	-	-	3,064
Payable to the Trustee	225	-	-	-	225
Payable against purchase of equity securities	698	-	-	-	698
Accrued expenses and other liabilities	1,029	-	-	-	1,029
<b>Total liabilities</b>	<b>5,016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,016</b>

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
<b>June 30, 2018</b>	(Rupees in '000)				
<b>Financial liabilities</b>					
Payable to the Management Company	5,338	-	-	-	5,338
Payable to the Trustee	302	-	-	-	302
Payable against purchase of equity securities	-	-	-	-	-
Accrued expenses and other liabilities	2,002	-	-	-	2,002
<b>Total liabilities</b>	<b>7,642</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,642</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:

	June 30, 2019	June 30, 2018
	(Rupees in '000)	
Bank balances	416,702	1,146,417
Dividend and profit receivable	21,534	14,339
Debt securities - Term Finance Certificates / Sukuks	148,917	160,828

All deposits with banks, CDC 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>		
AA- to AA+	98.7194	24
AAA	1.2733	28
A+	0.0053	48
<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).

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)
- 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:

	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<b><u>June 30, 2019</u></b>				
<b>Financial assets measured at</b>				
Investments in debt securities	-	148,917	-	148,917
Government securities	-	99,760	-	99,760
Quoted equity securities	542,757	-	-	542,757
	<u>542,757</u>	<u>248,677</u>	<u>-</u>	<u>791,434</u>

	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<b><u>June 30, 2018</u></b>				
<b>Financial assets measured at</b>				
Investments in debt securities	-	160,828	-	160,828
Government securities	-	-	-	-
Quoted equity securities	856,846	-	-	856,846
Derivative asset	1,671	-	-	1,671
	<u>858,517</u>	<u>160,828</u>	<u>-</u>	<u>1,019,345</u>

**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 on 30-Aug-2019 by the Board of Directors of the Management Company.

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

SD  
**Chief Executive Officer**

SD  
**Chief Financial Officer**

SD  
**Director**

**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	934	5,609,613	54.00%
Retirement funds	23	3,797,259	36.55%
Others	13	928,784	8.94%
Public limited companies	2	37,160	0.36%
Associated Company and Key Executives	1	16,259	0.16%
	<b>973</b>	<b>10,389,075</b>	<b>100%</b>

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

Name	%
Bright Capital (Pvt) Limited	<b>56.61</b>
Adam Securities (Pvt) Limited	<b>16.73</b>
Continental Exchange (Pvt) Limited	<b>15.52</b>
Currency Market Associates (Pvt) Limited	<b>8.17</b>
Arif Habib Limited	<b>7.02</b>
Icon Securities (Pvt) Limited	<b>7.67</b>
Topline Securities (Pvt) Limited	<b>6.39</b>
Next Capital Limited	<b>6.51</b>
Paramount Capital (Pvt) Limited	<b>5.05</b>
Intermarket Securities Limited	<b>2.93</b>

(iii) **THE MEMBERS OF THE 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 Liquidity Plus Fund  
UBL Government Securities Fund  
UBL Growth & Income Fund  
UBL Capital Protected Fund III  
UBL Special Savings Fund  
UBL Retirement Savings Fund

**(iv) 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:

	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>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 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 has assigned a "AM1" asset manager rating to the Management Company dated December 27, 2018.

## UBL Asset Allocation Fund

Holding	Resolution	For	Against	Abstain*
592,000	Annual General Meeting of M/s Adamjee Insurance Company Limited was held on May 28, 2019, for election of directors. The following persons were elected as directors: 1. Mr. Ibrahim Shamsi 2. Mr. Inran Ishaq 3. Mr. Muhammad Anees 4. Mr. Muhammad Arif Hameed 5. Ms. Sadia Younas Ishaq 6. Mr. Shaikh Muhammad Jawed 7. Mr. Umer Mansha	✓		

**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*
592,000	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. 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. 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 & Co. Chartered Accountants for appointment as auditors of the Company in place of retiring auditors, M/s KPMG Taseer Hadi & Co. Chartered Accountants after completion of five years. 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). 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". 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 the Company to take all steps and actions necessary, ancillary and incidental for making the investment(s) in Nishat Mills Limited and sign, execute and amend such documents, papers, instruments etc., as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the aforesaid resolution".	✓		

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

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

Holding	Resolution	For	Against	Abstain*
592,000	<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 Moreover, other than above no meeting were attended and no proxies were also given.**

#### **UBL Asset Allocation Fund**

Holding	Resolution	For	Against	Abstain*
420,500	<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**

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

#### **UBL Asset Allocation Fund**

Holding	Resolution	For	Against	Abstain*
396,000	<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**

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

## UBL Asset Allocation Fund

Holding	Resolution	For	Against	Abstain*
308,300	<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, 2017 of 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 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>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: "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: 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>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: "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.</li> </ol> <p>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> <ol style="list-style-type: none"> <li>7. To transact any other business with the permission of the Chairman</li> </ol> <p>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

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

# USF

## UBL Stock Advantage Fund

### INVESTMENT OBJECTIVE

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

<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>	Deloitte- M. Yousuf Adil Saleem & Co.
<b>Bankers</b>	United Bank Limited Bank Alfalah Limited Habib Bank Limited MCB Bank Limited Samba Bank Limited Silk Bank Limited Sindh Bank Limited The Bank of Punjab National Bank of Pakistan
<b>Management Co. Rating</b>	AM 1 (JCR-VIS)



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

- i) **Description of the Collective Investment Scheme category and type**  
Equity / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**  
USF is an open-end Equity Fund, investing primarily in equities listed on the KSE. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long term capital gains and dividend yield potential.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**  
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**  
KSE-100 Index
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
USF	2.13%	-1.67%	-1.64%	2.70%	-2.63%	-9.03%	11.09%	-3.09%	-2.29%	-4.23%	-1.82%	-5.80%	-16.27%
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

During the period under review, the Fund generated a negative return of 16.27% while the benchmark had a return of 19.11%. The exposure of the equity-portfolio was concentrated in Commercial Banks, Oil & Gas Exploration Companies, Fertilizer, Cement and Power, Generation and Distribution sectors 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	90%	92%
Cash	8%	7%
Others	1%	2%
International Investments	0%	0%
Leverage	Nil	Nil

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

FY'19 Return:	-16.27%
Standard Deviation (12m trailing):	18.05%
Sharpe Ratio (12m trailing):	(1.44)

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		%
5,397,660	6,891,411	(21.68)	57.3600	68.5100	(16.27)

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

- 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**

Range of Units	Number of Investors
	USF
0.0001 - 9,999.9999	4,179
10,000.0000 - 49,999.9999	322
50,000.0000 - 99,999.9999	66
100,000.0000 - 499,999.9999	52
500,000.0000 & Above	57
<b>Total</b>	<b>4,646</b>

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

There were no unit splits during the period.

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

Investments are subject to market risk.

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

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

## **PERFORMANCE TABLE**

### UBL Stock Advantage Fund

	2019	2018	2017
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>5,397,660</b>	6,891,411	7,871,923
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *</b>			
Class A units - Offer	<b>58.98</b>	70.45	78.39
- Redemption	<b>57.36</b>	68.51	76.23
<b>RETURN OF THE FUND - %</b>			
Total Return of the Fund	<b>(16.27)</b>	(10.13)	30.15
Capital Growth (per unit)	<b>(16.27)</b>	(10.13)	21.39
Date of Income Distribution	-	-	23-Jun-17
Income Distribution	-	-	5.50
<b>AVERAGE ANNUAL RETURN - %</b>			
One Year	<b>(16.27)</b>	(10.13)	30.15
Second Year	<b>(13.20)</b>	10.01	22.08
Third Year	<b>1.25</b>	5.63	22.07
Since inception	<b>19.39</b>	23.88	21.09

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

Highest price per unit - Class A units - Offer	<b>73.51</b>	79.08	94.05
Highest price per unit - Class A units - Redemption	<b>71.49</b>	76.90	91.46
Lowest price per unit - Class A units - Offer	<b>57.82</b>	64.45	64.55
Lowest price per unit - Class A units - Redemption	<b>56.23</b>	62.68	62.77

\* Front-end load @ 2.5% is applicable

### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

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

Bank Balances	<b>7</b>	8.00	13.00
Others	<b>2</b>	2.00	-
Equity securities	<b>92</b>	90.00	87.00

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

Equity market	<b>100.00</b>	100.00	100.00
---------------	---------------	--------	--------

Note:

- The Launch date of Fund is 04 August 2006.

## **DISCLAIMER**

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

**Head Office**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL STOCK ADVANTAGE FUND**

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

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



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**

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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 STOCK ADVANTAGE 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 (the Board) of UBL Fund Managers Limited (the Management Company) for **UBL Stock Advantage 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 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 June 30, 2019.

  
**Chartered Accountants**

**Date:** September 24, 2019

**Place:** Karachi

## INDEPENDENT AUDITOR'S REPORT

### To The Unit Holders of UBL Stock Advantage Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **UBL Stock Advantage Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the related income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows 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 give a true and fair view of the financial position of the Fund as at June 30, 2019, and of its financial performance and its cash flows for the year then ended in accordance with 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 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.

S. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Valuation and existence of investments</b></p> <p>As disclosed in note 6 to the financial statements, investments amounted to Rs. 5,092.738 million as at June 30, 2019.</p> <p>The total investment amount is the most significant account balance on the statement of assets and liabilities. This is a main driver of the Fund's performance and thus risk exists on this balance. The Fund invests principally in listed equity securities and there</p>	<p>In auditing the valuation and existence of investments, we assessed the processes and key controls relating to existence and valuation. In addition, (1) we performed valuation testing on sample of investments held as at June 30, 2019 by verifying the prices quoted on the Pakistan Stock Exchange Limited, and (2) we performed existence testing of sample of investments held as at June 30, 2019 by independently matching the</p>

S. No.	Key audit matters	How the matters were addressed in our audit
	<p>is a risk that appropriate quoted prices may not be used to determine fair value.</p> <p>In addition, there is a risk that the Fund may have included investments in its financial statements which are not in the ownership of the Fund and thereby increasing the uncertainty in respect of existence of investments recorded as at year end.</p> <p>The disclosure regarding the investments are included in notes 4.1 and 6 to the financial statements.</p>	<p>securities held by the Fund as per internal records with the securities appearing in the Central Depository Company (CDC) account and investigated any reconciling items</p>

## Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report in respect of the fund, but does not include the financial statements and our auditor's report thereon and the information related to any other fund.

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 Company and Board of Directors for the Financial Statements

Management Company 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 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, 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 Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of 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 to 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**

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

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

*Deloitte Yousuf Adil*  
**Chartered Accountants**

**Date:** September 24, 2019

**Place:** Karachi

**UBL STOCK ADVANTAGE FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2019**

	Note	2019 ------(Rupees in '000)-----	2018
<b>ASSETS</b>			
Bank balances	5	370,665	581,965
Investments - net	6	5,092,738	6,413,217
Dividend and profit receivable	7	32,378	15,156
Security deposits, advances and other receivables	8	20,902	9,552
Advance tax	9	2,938	2,894
<b>Total assets</b>		<b>5,519,621</b>	<b>7,022,784</b>
<b>LIABILITIES</b>			
Payable to UBL Fund Managers Limited - Management Company	10	17,811	22,147
Payable to Central Depository Company of Pakistan Limited - Trustee	12	620	761
Payable to Securities and Exchange Commission of Pakistan	13	6,348	6,565
Accrued expenses and other liabilities	14	97,181	101,900
<b>Total liabilities</b>		<b>121,960</b>	<b>131,373</b>
<b>Net Assets</b>		<b>5,397,661</b>	<b>6,891,411</b>
<b>Unit Holders' Fund</b> (as per statement attached)		<b>5,397,661</b>	<b>6,891,411</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	29	------(Number of units)-----	
<b>Number of Units in Issue</b>	15	<b>94,106,978</b>	<b>100,596,734</b>
		----- (Rupees) -----	
<b>Net Asset Value Per Unit</b>		<b>57.36</b>	<b>68.51</b>
<b>Face Value Per Unit</b>		<b>100</b>	<b>100</b>

The annexed notes 1 to 32 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 STOCK ADVANTAGE FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 ------(Rupees in '000)-----	2018
<b>INCOME</b>			
Profit on:			
- bank deposits		45,544	49,821
- government securities		6,372	18
Loss on sale of investments - net		(159,570)	(485,069)
Dividend income		313,486	295,419
Unrealised loss on re-measurement of investments classified as financial assets at fair value through profit or loss - net	6.1 & 6.2	(1,090,686)	(411,101)
		(884,854)	(550,912)
Impairment loss on equity securities classified as available for sale	6.3.2	-	(59,448)
<b>Total loss</b>		<b>(884,854)</b>	<b>(610,360)</b>
<b>EXPENSES</b>			
Remuneration of UBL Fund Managers Limited - Management Company	10.1	133,635	138,212
Sindh Sales Tax on remuneration of the Management Company	10.2	17,373	17,968
Allocated expenses	10.3	6,682	6,911
Allocated selling and marketing expenses	11	26,727	27,642
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	12.1	8,680	8,939
Annual fee - Securities and Exchange Commission of Pakistan	13.1	6,348	6,565
Auditor's remuneration	16	517	465
Brokerage and settlement charges		13,585	9,173
Listing fee		25	25
Printing expenses		-	21
Legal and professional charges		208	317
Bank charges		196	210
Other expenses		3	5
<b>Total expenses</b>		<b>213,979</b>	<b>216,453</b>
<b>Net operating loss for the year</b>		<b>(1,098,833)</b>	<b>(826,813)</b>
Provision for Sindh Workers' Welfare Fund	14.2	-	-
<b>Net loss for the year before taxation</b>		<b>(1,098,833)</b>	<b>(826,813)</b>
Taxation	17	-	-
<b>Net loss for the year after taxation</b>		<b>(1,098,833)</b>	<b>(826,813)</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		-	-
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-
<b>Earnings per unit</b>	18		

The annexed notes 1 to 32 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 STOCK ADVANTAGE FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 ------(Rupees in '000)-----	2018
Net loss for the year after taxation		(1,098,833)	(826,813)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to income statement</b>			
Unrealised loss on re-measurement of investments classified as available for sale - net		-	(88,290)
Reclassification to income statement of gain on sale of investments classified as 'available for sale - net'		-	3,189
Reclassification to income statement of impairment loss on equity securities classified as 'available for sale'	6.3.1	-	59,448
		-	(25,653)
<b>Items that will not be reclassified subsequently to income statement</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(1,098,833)</b>	<b>(852,466)</b>

The annexed notes 1 to 32 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 STOCK ADVANTAGE FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	2019				2018
	Capital value	Undistributed income	Unrealised (loss) / gain on re-measurement of investments classified as 'available for sale' - net	Total	Total
Note	(Rupees in '000)				
<b>Net assets at the beginning of the year</b>	5,606,324	1,310,740	(25,653)	6,891,411	7,871,923
Transfer of unrealised diminution of investment classified as available for sale - net to undistributed income upon adoption of IFRS 9	4.1	(25,653)	25,653	-	-
Amount received on Issue of 66,281,562 units (2018: 88,035,149 units)					
- capital value	4,540,950	-	-	4,540,950	6,710,919
- element of loss	(165,250)	-	-	(165,250)	(431,824)
<b>Total amount received on issuance of units</b>	4,375,700	-	-	4,375,700	6,279,095
Amount paid on redemption of 72,771,318 units (2018: 90,697,345 units)					
- capital value	(4,985,563)	-	-	(4,985,563)	(6,913,859)
- element of income	214,946	-	-	214,946	506,718
<b>Total amount paid on redemption of units</b>	(4,770,617)	-	-	(4,770,617)	(6,407,141)
Total comprehensive loss for the year	-	(1,098,833)	-	(1,098,833)	(852,466)
Distribution during the year	-	-	-	-	-
<b>Net loss for the year less distribution</b>	-	(1,098,833)	-	(1,098,833)	(852,466)
<b>Net assets at the end of the year</b>	5,211,407	186,254	-	5,397,661	6,891,411
Refund / adjustment on units as element of income	-	-	-	-	-
<b>Undistributed income brought forward comprising of:</b>					
- Realised	-	1,721,841	-	1,721,841	1,656,899
- Unrealised	-	(411,101)	(25,653)	(436,754)	480,654
	-	1,310,740	(25,653)	1,285,087	2,137,553
<b>Accounting income available for distribution:</b>					
- Relating to capital gains	-	-	-	-	-
- Excluding capital gains	-	-	-	-	-
Net loss for the year after taxation	-	(1,098,833)	-	(1,098,833)	(852,466)
Transfer of unrealised diminution of investment classified as available for sale - net to undistributed income upon adoption of IFRS 9	4.1	(25,653)	25,653	-	-
Distribution during the year	-	-	-	-	-
<b>Undistributed income carried forward - net</b>	-	186,254	-	186,254	1,285,087
<b>Undistributed income carried forward comprising of:</b>					
- Realised	-	1,276,940	-	1,276,940	1,721,841
- Unrealised	-	(1,090,686)	-	(1,090,686)	(436,754)
	-	186,254	-	186,254	1,285,087
	----- Rupees -----				
<b>Net assets value per unit at beginning of the year</b>				68.51	76.23
<b>Net assets value per unit at end of the year</b>				57.36	68.51

The annexed notes 1 to 32 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 STOCK ADVANTAGE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss for the year before taxation (1,098,833)                      (826,813)

**Adjustments for non-cash charges and other items:**

Profit on:

- bank deposits

- government securities

Loss on sale of investments - net

Dividend income

Impairment loss on equity securities classified as available for sale

Unrealised loss on re-measurement of investments

classified as financial assets at fair value through profit or loss - net

(45,544)	(49,821)
(6,372)	(18)
159,570	485,069
(313,486)	(295,419)
-	59,448
1,090,686	411,101
884,854	610,360

**Decrease / (increase) in assets**

Investments

Security deposits, advances and other receivables

70,223	(399,804)
(16,739)	-
53,484	(399,804)

**Decrease in liabilities**

Payable to UBL Fund Managers Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable to Securities and Exchange Commission of Pakistan

Accrued expenses and other liabilities

(4,336)	(5,288)
(141)	(69)
(217)	389
(4,719)	(40,134)
(9,413)	(45,102)

Profit on bank deposits received

Dividend received

Tax paid

(169,908)	(661,359)
50,918	49,823
297,262	295,529
(44)	(95)

**Net cash generated from / (used in) operating activities**

178,228                      (316,102)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Receipts from issuance of units

Payments against redemption of units

4,381,089	6,280,121
(4,770,617)	(6,407,141)

**Net cash used in financing activities**

(389,528)                      (127,020)

**Net decrease in cash and cash equivalents**

(211,300)                      (443,122)

Cash and cash equivalents at the beginning of the year

581,965                      1,025,087

**Cash and cash equivalents at the end of the year**

370,665                      581,965

The annexed notes 1 to 32 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 STOCK ADVANTAGE FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

JCR - VIS Credit Rating Company has assigned management quality rating of AM1 to the Management Company on December 27, 2018.

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the 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.

The SECP/Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

**2.2 Basis of measurement**

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

## 2.3 Functional and presentation currency

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

## 2.4 Critical accounting estimates and judgments

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

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

- (i) classification and valuation of financial assets (notes 4.1 and 6)

## 3. NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS

### 3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements except as otherwise disclosed.

- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions
- IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9
- IFRS 9 'Financial Instruments' - This standard has superseded IAS 39 Financial Instruments: Recognition and Measurement upon its effective date (refer note 4.1)
- IFRS 15 'Revenue from contract with customer' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency

Certain annual improvements have also been made to a number of IFRSs.

### 3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

#### Effective from accounting period beginning on or after:

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business

January 01, 2020

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities

January 01, 2019

	Effective from accounting period beginning on or after:
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all years presented except for the change in accounting policy as explained in note 4.1.

##### 4.1 Adoption of IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard has been adopted locally by the SECP and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Fund. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

IFRS 9 introduces new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting, which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

## **Classification and measurement**

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVOCI") and
- Fair value through profit or loss ("FVTPL").

### **Financial assets at amortised cost**

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

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

### **Financial assets at FVOCI**

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

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

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

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

### **Financial asset at FVTPL**

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

## **Recognition**

Financial assets and financial liabilities are recognised in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## Measurement

Under IFRS 9, a necessary condition for classifying a loan or receivable at amortized cost or FVOCI is whether the asset is part of a group or portfolio that is being managed within a business model whose objective is to collect contractual cash flows (Amortized Cost), or to both collect contractual cash flow and to sell (FVOCI). Otherwise, the asset is classified and measured at FVTPL.

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

### Hold to collect business model

If an entity's objective is to hold the asset (or portfolio of assets) to collect the contractual cash flows, the assets (or the portfolio) will be classified under the „hold to collect“ business model, subjective to meeting the Sole Payment of Principle and Interests (SPPI) requirements.

### Hold to collect and sell business model

An entity can hold financial assets to achieve a particular objective by both collecting contractual cash flow and selling financial assets; this will qualify for the “hold to collect and sell business model” (also known as the FVOCI business model). The objective of this business model is achieved by collecting contractual cash flows and selling financial assets, unlike the „hold to collect“ business model discussed above.

### FVTPL business model

If a financial asset or group of financial assets is not held within the „hold to collect“ or the „hold to collect and sell“ business model, then it is measured at FVTPL, the default category.

## Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

## Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
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----- Rupees in '000 -----

### Financial assets

Bank balances	LR	AC	581,965	581,965	-
Investments	HFT/AFS	FVTPL	6,413,217	6,413,217	-
Dividend and profit receivable	LR	AC	15,156	15,156	-
Security deposits, advances and other receivables	LR	AC	9,552	9,552	-

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
--	---------------------------------------	----------------------------------	---	--	--

----- Rupees in '000 -----

#### Financial Liabilities

Payable to Management Company	OFL	AC	22,147	22,147	-
Payable to Trustee	OFL	AC	761	761	-
Accrued expenses and other liabilities	OFL	AC	4,691	4,691	-
Net assets attributable to redeemable units	OFL	AC	6,891,411	6,891,411	-

- "LR" is loans and receivables
- "AC" is amortised cost
- "HFT" is held for trading
- "FVTPL" is fair value through profit or loss
- "OFL" is other financial liabilities

- The financial assets classified as 'loans and receivables' have been classified as amortised cost.

#### 4.1.1 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

##### Basis of valuation of equity securities:

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs. The preference shares received as dividend in specie are carried at cost.

#### 4.1.2 Impairment

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost. The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

#### 4.1.3 Derecognition

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

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### 4.1.4 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.



#### **4.2 Offsetting of financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the statement of assets and liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **4.3 Derivatives**

Derivative instruments are initially recognized at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities.

#### **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 those collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

#### **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 amongst the unit holders (excluding distribution made by issuance of bonus units).

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

The Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

#### **4.7 Distributions**

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

#### **4.8 Issuance and redemption of units**

Units issued are allocated at the offer price, prevalent on the day on which the applications for purchase of units are received, however, units are issued on the receipt of cash / realisation of cheques. The offer price represents the net asset value per unit as at the close of the business day plus the allowable front-end sales load and provision of any duties and charges, if applicable. The sales load is payable to the Management Company.

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

#### **4.9 Element of income / (loss) 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 shall be taken to unit holders' fund.

#### **4.10 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 year end.

#### **4.11 Revenue recognition**

- Dividend income on equity securities is recognised in the income statement when the right to receive the dividend is established.
- Realised capital gains / losses arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Income on bank balances and term deposits is recognised on a time proportionate.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the year in which they arise.

#### **4.12 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

#### **4.13 Transition to IFRS 9 Financial Instruments**

Accounting policies applied to financial instruments prior to July 01, 2018.

##### **4.13.1 Classification**

The classification of financial assets depends on the purpose for which the financial assets were acquired. The Management Company determines the classification of Fund's financial assets at the time of initial recognition and re-evaluates this classification on regular basis.

Financial assets are classified as follows:

##### **a) Loans and receivables**

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

##### **b) Financial assets at fair value through profit or loss**

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

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

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

##### **4.13.2 Measurement**

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

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

##### **Subsequent measurement**

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

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

- **Basis of valuation of equity securities**

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

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

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

**b) Loans and receivables**

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

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

**4.13.3 Impairment**

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

In case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of an equity security below its cost is considered as objective evidence of impairment. In case of available for sale securities, the cumulative loss previously recognised in the statement of comprehensive income is removed therefrom and recognised in the income statement. However, the decrease in impairment loss on equity securities is not reversed through income statement.

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

		Note	2019 -----Rupees in '000-----	2018 -----Rupees in '000-----
<b>5.</b>	<b>BANK BALANCES</b>			
	<b>In local currency:</b>			
	- Profit and loss sharing accounts	5.1	370,576	581,871
	- Current accounts		89	94
			<b>370,665</b>	581,965
<b>5.1</b>	Profit rates on these profit and loss sharing accounts range between 6.2% to 11.25% (2018: 3.75% to 7.4%) per annum.			
<b>6.</b>	<b>INVESTMENTS - NET</b>			
	At fair value through profit or loss - Held for trading			
	- equity securities	6.1	5,092,738	2,909,511
	- letter of rights	6.2	-	12,156
	Available-for-sale - equity securities	6.3	-	3,491,550
			<b>5,092,738</b>	6,413,217

6.1 Equity securities - At fair value through profit and loss

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

Name of Investee Company		As at July 1, 2018	Transfer in during the year (refer note 4.1)	Purchased / bonus received during the year	Sold during the year	As at June 30, 2019	Total carrying value as at June 30, 2019	Total market value as at June 30, 2019	Appreciation / (diminution) as at June 30, 2019	Market value as a percentage of net assets	Market value as a percentage of total value of Investment	Investment as a percentage of paid-up capital of investee
Quoted investments	Note	-----Number of shares-----				-----Rupees in '000-----				-----Percentage (%)-----		
<b>OIL AND GAS MARKETING COMPANIES</b>												
Attock Petroleum Limited		80,300	-	130	80,430	-	-	-	-	0.00	0.00	0.00
Sui Northern Gas Pipe Line Company		66,300	104,000	-	170,300	-	-	-	-	0.00	0.00	0.00
Hascol		-	-	27,500	-	27,500	2,590	1,887	(703)	0.03	0.04	0.01
Pakistan State Oil Company Limited	6.5	226,940	284,600	957,428	691,053	777,915	176,162	131,958	(44,204)	2.44	2.59	0.20
							178,752	133,845	(44,907)	2.48	2.63	
<b>OIL AND GAS EXPLORATION COMPANIES</b>												
Oil & Gas Development Company Limited	6.5	1,082,900	1,301,300	813,820	589,868	2,608,152	399,905	342,946	(56,959)	6.35	6.73	0.06
Pakistan Petroleum Limited		736,500	733,100	602,535	835,718	1,236,417	227,435	178,576	(48,859)	3.31	3.51	0.05
Pakistan Oilfields Limited		4,400	319,150	267,630	163,632	427,548	227,665	173,537	(54,128)	3.22	3.41	0.15
NATIONAL REFINERY LIMITED		-	-	62,000	3,100	58,900	9,379	6,683	(2,695)	0.12	0.13	0.07
Mari Petroleum Company Limited		210,710	29,660	137,386	4,884	372,872	498,013	376,351	(121,662)	6.97	7.39	0.31
							1,362,397	1,078,093	(284,303)	19.97	21.17	
<b>INV.BANK/INV.COS/SECURITIES COS</b>												
Pakistan Stock Exchange Limited		143	-	-	143	-	-	-	-	0.00	0.00	0.00
							-	-	-	0.00	0.00	
<b>FERTILIZER</b>												
Engro Corporation Limited	6.5	768,800	598,300	520,784	804,458	1,083,426	307,334	287,758	(19,576)	5.33	5.65	0.19
Engro Fertilizers Limited		1,951,500	363,500	380,619	1,184,318	1,511,301	114,267	96,678	(17,589)	1.79	1.90	0.11
Fauji Fertilizer Company Limited		700	953,500	1,550,000	534,791	1,969,409	192,169	171,732	(20,437)	3.18	3.37	0.15
Fauji Fertilizer Bin Qasim Limited		-	2,273,000	1,710,500	1,319,576	2,663,924	103,305	48,563	(54,742)	0.90	0.95	0.29
							717,076	604,732	(112,345)	11.20	11.87	
<b>CHEMICALS</b>												
I.C.I Pakistan Limited		112,850	400	14,489	127,739	-	-	-	-	0.00	0.00	0.00
Engro Polymer & Chemicals Limited		1,870,000	1,140,000	3,208,173	1,974,775	4,243,398	132,658	114,402	(18,256)	2.12	2.25	0.47
Engro Polymer and Chemicals Limited (Right 1)		1,378,251	-	250,000	1,628,251	-	-	-	-	0.00	0.00	0.00
Lotte Chemical Pakistan Limited		-	240,500	2,471,500	1,489,000	1,223,000	17,990	18,651	661	0.35	0.37	0.08
							150,648	133,053	(17,595)	2.47	2.61	
<b>CEMENT</b>												
Cherat Cement Company Limited		507,100	447,600	889,400	950,145	893,955	38,303	27,677	(10,626)	0.51	0.54	0.51
D. G. Khan Cement Company Limited		11,400	443,600	656,600	1,111,600	-	-	-	-	0.00	0.00	0.00
Attock Cement Pakistan Limited		-	204,600	-	204,600	-	-	-	-	0.00	0.00	0.00
Maple Leaf Cement Factory		-	-	105,000	5,000	100,000	2,408	2,389	(19)	0.04	0.05	0.02
Fauji Cement Company Limited		-	5,000	-	5,000	-	-	-	-	0.00	0.00	0.00
Kohat Cement Company Limited		826,900	791,700	1,087,200	84,090	2,621,710	245,052	137,718	(107,334)	2.55	2.70	1.31
Lucky Cement Limited	6.5	276,100	41,350	620,106	634,158	303,398	133,698	115,434	(18,265)	2.14	2.27	0.09
Pioneer Cement Limited		7,700	134,500	1,258,500	460,200	940,500	23,026	21,302	(1,723)	0.39	0.42	0.41
							442,487	304,520	(137,967)	5.64	5.98	
<b>AUTOMOBILE ASSEMBLER</b>												
Honda Atlas Cars (Pakistan) Limited		204,250	53,300	43,700	301,250	-	-	-	-	0.00	0.00	0.00
Millat Tractors Limited		16,010	5,120	-	21,130	-	-	-	-	0.00	0.00	0.00
Pak Suzuki Motor Company Limited		4,400	-	67,500	71,900	-	-	-	-	0.00	0.00	0.00
							-	-	-	0.00	0.00	
<b>PAPER AND BOARD</b>												
Century Paper and Board Mills		875,200	38,500	980,583	440,211	1,454,072	83,384	45,294	(38,090)	0.84	0.89	0.99
Packages Limited		-	-	128,500	900	127,600	44,453	38,351	(6,101)	0.71	0.75	0.14
Cherat Packaging limited		545	73	-	618	-	-	-	-	0.00	0.00	0.00
							127,837	83,646	(44,192)	1.55	1.64	

Name of Investee Company		As at July 1, 2018	Transfer in during the year (refer note 4.1)	Purchased / bonus received during the year	Sold during the year	As at June 30, 2019	Total carrying value as at June 30, 2019	Total market value as at June 30, 2019	Appreciation / (diminution) as at June 30, 2019	Market value as a percentage of net assets	Market value as a percentage of total value of Investment	Investment as a percentage of paid-up capital of investee
Quoted investments	Note	-----Number of shares-----				-----Rupees in '000-----				-----Percentage (%)-----		
<b>INSURANCE</b>												
Adamjee Insurance Company Limited		-	3,276,000	2,063,000	573,985	4,765,015	218,376	167,014	(51,362)	3.09	3.28	1.36
							218,376	167,014	(51,362)	3.09	3.28	
<b>COMMERICAL BANKS</b>												
Bank Alfalah Limited		1,925,000	5,345,500	2,442,700	1,020,611	8,692,589	409,256	378,910	(30,346)	7.02	7.44	0.49
Habib Bank Limited		354,600	2,336,000	2,300,100	1,395,601	3,595,099	545,887	407,181	(138,706)	7.54	8.00	0.25
National Bank Of Pakistan		-	-	1,746,000	1,695,674	50,326	1,942	1,694	(248)	0.03	0.03	0.00
MCB Bank Limited		900	292,000	472,600	763,814	1,686	306	294	(11)	0.01	0.01	0.00
United Bank Limited		550,000	1,793,300	2,543,400	1,758,809	3,127,891	488,035	460,989	(27,047)	8.54	9.05	0.26
Faysal Bank Limited	6.6	3,197,400	2,425,550	-	5,578,586	44,364	1,153	955	(199)	0.02	0.02	0.00
Allied Bank Limited		1,759,400	1,886,000	410,500	1,201,674	2,854,226	295,063	299,751	4,688	5.55	5.89	0.25
BANK AL HABIB LIMITED		-	-	1,077,500	1,070,500	7,000	576	549	(27)	0.01	0.01	0.00
							1,742,218	1,550,322	(191,896)	28.72	30.44	
<b>TEXTILE COMPOSITE</b>												
Nishat Mills Limited		966,900	85,400	448,221	435,490	1,065,031	148,792	99,410	(49,382)	1.84	1.95	0.30
Gul Ahmed Textile Mills Limited		-	1,988,000	1,978,500	1,437,379	2,529,121	111,230	119,172	7,942	2.21	2.34	0.71
Kohinoor Textile Mills Limited	6.6	4,275	-	738,000	3,636	738,639	25,625	18,503	(7,122)	0.34	0.36	0.25
							285,647	237,085	(48,562)	4.39	4.66	
<b>POWER GENERATION AND DISTRIBUTION</b>												
The Hub Power Company Limited	6.5	1,894,300	1,883,000	2,700,940	1,651,286	4,826,954	418,056	380,123	(37,934)	7.04	7.46	0.37
the Hub Power Company Limited (Right 1)		-	-	543,206	543,206	-	-	-	-	0.00	0.00	0.00
Saif Power Limited		-	1,279,000	273,500	22,184	1,530,316	40,509	28,709	(11,800)	0.53	0.56	0.40
Lalpir Power limited		-	1,463,000	560,000	21,357	2,001,643	36,570	26,021	(10,549)	0.48	0.51	0.53
PakGen Power Limited		-	1,751,000	1,266,500	661,665	2,355,835	42,040	33,406	(8,634)	0.62	0.66	0.63
K-Electric Limited (face value Rs. 3.5 per share)		-	12,324,000	3,554,500	9,078,953	6,799,547	37,773	29,850	(7,923)	0.55	0.59	0.02
							574,949	498,108	(76,840)	9.23	9.78	
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>												
Thal Limited (face value Rs. 5 per share)		269,300	29,500	143,284	156,164	285,920	126,717	104,092	(22,625)	1.93	2.04	0.35
							126,717	104,092	(22,625)	1.93	2.04	
<b>ENGINEERING</b>												
Amreli Steels Limited		16,500	826,100	-	842,543	57	4	1	(3)	0.00	0.00	0.00
International Steels Limited		388,500	649,600	279,562	1,300,242	17,420	1,742	692	(1,050)	0.01	0.01	0.00
Mughal Iron And Steel Industries Limited		2,500	-	-	2,500	-	-	-	-	0.00	0.00	0.00
Aisha Steel Mills Limited		-	271,900	-	271,900	-	-	-	-	0.00	0.00	0.00
Ittefaq Iron Industries Limited		466,000	215,000	-	681,000	-	-	-	-	0.00	0.00	0.00
PAK Eelektron Limited		-	-	469,500	-	469,500	11,407	9,399	(2,008)	0.17	0.18	0.09
International Industries Limited		100	-	272,300	31,600	240,800	28,108	18,558	(9,550)	0.34	0.36	0.20
							41,261	28,651	(12,610)	0.53	0.56	
<b>FOOD AND PERSONAL CARE PRODUCTS</b>												
Al Shaheer Corporation	6.6	1,892,225	217,000	904,743	780,550	2,233,418	60,613	28,141	(32,472)	0.52	0.55	1.57
							60,613	28,141	(32,472)	0.52	0.55	
<b>PHARMACEUTICALS</b>												
The Searle Company Limited	6.6	46,228	-	261,316	49,118	258,426	54,529	37,875	(16,654)	0.70	0.74	0.12
							54,529	37,875	(16,654)	0.70	0.74	
<b>TECHNOLOGY &amp; COMMUNCATION</b>												
Systems Limited		926,500	283,500	153,100	284,000	1,079,100	99,919	103,561	3,643	1.92	2.03	0.87
							99,919	103,561	3,643	1.92	2.03	
<b>Total June 30, 2019</b>							<b>6,183,424</b>	<b>5,092,738</b>	<b>(1,090,686)</b>			
<b>Total June 30, 2018</b>							<b>3,331,321</b>	<b>2,909,511</b>	<b>(421,810)</b>			

## 6.2 Letter of rights - At fair value through profit or loss

Name of Security	As at July 1, 2018	Entitlements during the year	Exercised during the year	As at June 30, 2019	Total carrying value as at June 30, 2019	Total market value as at June 30, 2019	Unrealised gain/ (loss) as at June 30, 2019	Market value as a percentage of net assets (%)	Market value as a percentage of total value of Investment (%)	Investment as a percentage of paid-up capital of investee company (%)
		Number of rights				Rupees '000		Percentage		
<b>CHEMICAL</b>										
Engro Polymer and Chemicals Limited	1,378,251	-	1,378,251	-						
<b>POWER GENERATION AND DISTRIBUTION</b>										
The Hub Power Company Limited		543,206	543,206	-						
<b>Total-June 30, 2019</b>					-	-	-			
Total-June 30, 2018					1,447	12,156	10,709			

### 6.3 Equity Securitites - At available for sale

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

Name of Security	As at July 1, 2018	Purchased/ bonus received during the year	Transfer out during the year (refer note 4.1)	Sold during the year	As at June 30, 2019	Total carrying value as at June 30, 2019	Total market value as at June 30, 2019	Appreciation/ (diminution) as at June 30, 2019	Market value of investment as a percentage of net assets	Market value of investment as a percentage of total investment	Investment as a percentage of investees' paid up capital
<b>Quoted investments</b>											
<b>TEXTILE COMPOSITE</b>											
Nishat Mills Limited	85,400	-	85,400	-	-	-	-	-	-	-	-
Gul Ahmed Textile Mills Limited	1,988,000	-	1,988,000	-	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Sui Northern Gas Pipe Line Company	104,000	-	104,000	-	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	284,600	-	284,600	-	-	-	-	-	-	-	-
						-	-	-	-	-	-
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>											
Oil & Gas Development Co. Limited	-	25,000		25,000	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	1,301,300	-	1,301,300	-	-	-	-	-	-	-	-
Mari Petroleum Company Limited	29,660	-	29,660	-	-	-	-	-	-	-	-
Pakistan Petroleum Limited	733,100	-	733,100	-	-	-	-	-	-	-	-
Pakistan Oilfields Limited	319,150	-	319,150	-	-	-	-	-	-	-	-
						-	-	-	-	-	-

Name of Security	As at July 1, 2018	Purchased/ bonus received during the year	Transfer out during the year (refer note 4.1)	Sold during the year	As at June 30, 2019	Total carrying value as at June 30, 2019	Total market value as at June 30, 2019	Appreciation/ (diminution) as at June 30, 2019	Market value of investment as a percentage of net assets	Market value of investment as a percentage of total investment	Investment as a percentage of investees' paid up capital
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------(Number of shares)----- (Rupees '000) ----- % -----

#### PAPER & BOARD

Century Paper and Board Mills	38,500	-	38,500	-	-	-	-	-	-	-	-
Cherat Packaging Limited	73	-	73	-	-	-	-	-	-	-	-
						-	-	-	-	-	-

#### FERTILIZER

Engro Corporation Limited	598,300	-	598,300	-	-	-	-	-	-	-	-
Engro Fertilizers Limited	363,500	-	363,500	-	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	953,500	-	953,500	-	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	2,273,000	-	2,273,000	-	-	-	-	-	-	-	-
						-	-	-	-	-	-

#### CEMENT

Pioneer Cement Limited	134,500	-	134,500	-	-	-	-	-	-	-	-
Fauji Cement Company Limited	5,000	-	5,000	-	-	-	-	-	-	-	-
Cherat Cement Company Limited	447,600	-	447,600	-	-	-	-	-	-	-	-
Lucky Cement Limited	41,350	-	41,350	-	-	-	-	-	-	-	-
Attock Cement Pakistan Limited	204,600	-	204,600	-	-	-	-	-	-	-	-
Kohat Cement Company Limited	791,700	-	791,700	-	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	443,600	-	443,600	-	-	-	-	-	-	-	-
						-	-	-	-	-	-

#### POWER GENERATION & DISTRIBUTION

The Hub Power Company Limited	1,883,000	-	1,883,000	-	-	-	-	-	-	-	-
Pakgen Power Limited	1,751,000	-	1,751,000	-	-	-	-	-	-	-	-
Lalpir Power Limited	1,463,000	-	1,463,000	-	-	-	-	-	-	-	-
Saif Power Limited	1,279,000	-	1,279,000	-	-	-	-	-	-	-	-
K-Electric Limited (face value Rs. 3.5 per share)	12,324,000	-	12,324,000	-	-	-	-	-	-	-	-
						-	-	-	-	-	-

#### INSURANCE

Adamjee Insurance Company Limited	3,276,000	-	3,276,000	-	-	-	-	-	-	-	-
						-	-	-	-	-	-

#### ENGINEERING

Amreli Steels Limited	826,100	-	826,100	-	-	-	-	-	-	-	-
Aisha Steel Mills Limited	271,900	-	271,900	-	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited	215,000	-	215,000	-	-	-	-	-	-	-	-
International Steels Limited	649,600	-	649,600	-	-	-	-	-	-	-	-
						-	-	-	-	-	-

Name of Security	As at July 1, 2018	Purchased/ bonus received during the year	Transfer out during the year (refer note 4.1)	Sold during the year	As at June 30, 2019	Total carrying value as at June 30, 2019	Total market value as at June 30, 2019	Appreciation/ (diminution) as at June 30, 2019	Market value of investment as a percentage of net assets	Market value of investment as a percentage of total investment	Investment as a percentage of investees' paid up capital
----- (Number of shares) -----						----- (Rupees '000) -----			----- % -----		
<b>FOOD AND PERSONAL CARE PRODUCTS</b>											
Al Shaheer Corporation	217,000		217,000	-	-	-	-	-	-	-	
						-	-	-	-	-	
<b>COMMERCIAL BANKS</b>											
Allied Bank Limited	1,886,000	-	1,886,000	-	-	-	-	-	-	-	
Habib Bank Limited	2,336,000	-	2,336,000	-	-	-	-	-	-	-	
MCB Bank Limited	292,000	-	292,000	-	-	-	-	-	-	-	
Bank Alfalah Limited	5,345,500	-	5,345,500	-	-	-	-	-	-	-	
Faysal Bank Limited	2,425,550	-	2,425,550	-	-	-	-	-	-	-	
United Bank Limited	1,793,300	-	1,793,300	-	-	-	-	-	-	-	
						-	-	-	-	-	
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>											
Thal Limited (face value Rs. 5 per share)	29,500	-	29,500	-	-	-	-	-	-	-	
						-	-	-	-	-	
<b>AUTOMOBILE ASSEMBLER</b>											
Honda Atlas Cars (Pakistan) Limited	53,300	-	53,300	-	-	-	-	-	-	-	
Millat Tractors Limited	5,120	-	5,120	-	-	-	-	-	-	-	
						-	-	-	-	-	
<b>TECHNOLOGY &amp; COMMUNICATION</b>											
Systems Limited	283,500	-	283,500	-	-	-	-	-	-	-	
						-	-	-	-	-	
<b>CHEMICAL</b>											
Engro Polymer & Chemicals Limited	1,140,000	-	1,140,000	-	-	-	-	-	-	-	
Lotte Chemical Pakistan Limited	240,500	-	240,500	-	-	-	-	-	-	-	
I.C.I Pakistan Limited	400	-	400	-	-	-	-	-	-	-	
						-	-	-	-	-	
<b>Total June 30, 2019</b>						-	-	-	-	-	
Total June 30, 2018						3,576,651	3,491,550	(85,101)			



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

**6.3.1 Net unrealised gain / (loss) on re-measurement of investments classified as available for sale**

Market value of investments	-	3,491,550
Less: cost of investments	-	(3,576,651)
Unrealised loss on re-measurement of investments classified as available for sale - net	-	(85,101)
Impairment loss on equity securities classified as available for sale	6.3.2	59,448
	-	(25,653)

**6.3.2 Movement in provision of impairment loss on equity securities classified as available for sale**

Opening balance	-	-
Add: charge for the year	-	59,448
Less: reversal of provision due to recovery	-	-
Closing balance	-	59,448

**6.4 Government securities - Fair value through profit or loss**

Issue Date	Tenor	Face value				Market value as at June 30, 2019	Market Value as a percentage of	
		As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019		Net assets	Market value of total investments
------(Rupees in '000)----- Rs in '000'								

**Market treasury bills**

11-Oct-2018	3 months	-	500,000	500,000	-	-	-	-
06-Dec-2018	3 months	-	250,000	250,000	-	-	-	-
		-	750,000	750,000	-	-	-	-

**Cost of investment at June 30, 2019**

-

**6.5** The above equity securities include 1.641 million shares (June 30, 2018: 1.654 million shares) pledged with National Clearing Company of Pakistan Limited having market value of Rs.117.475 million (June 30, 2018: Rs. 139.031 million) for guaranteeing settlement of the Fund's trades in accordance with circular No. 11 dated October 23, 2007 issued by the SECP.

**6.6** This includes gross bonus shares as per Fund's entitlement declared by the investee company. The Finance Act, 2014 had brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by shareholders were to be treated as income and a tax at the rate of 5 percent was 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 investee company which shall be considered as final discharge of tax liability on such income. However, the Management Company of the Fund jointly with other asset management companies and Mutual Fund Association of Pakistan, filed a petition in Honourable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second schedule of the Income Tax Ordinance, 2001. The Honourable Sindh High Court has granted stay order till the final outcome of the case. However, the investee company(s) has withheld shares equivalent to 5% of bonus entitlement of the Fund having fair market value of Rs. 8.792 million (June 30, 2018: Rs. 16.611 million) at year end. Such shares have not been deposited in the CDC account of the department of Income tax. The Management Company is of the view that the decision will be in its favour and accordingly has recorded the bonus shares on gross basis. Through Finance Act, 2018, the tax on bonus shares was withdrawn.

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

**7. DIVIDEND AND PROFIT RECEIVABLE**

Dividend receivable	<b>28,455</b>	12,231
Profit receivable on profit and loss sharing accounts	<b>3,923</b>	2,925
	<b>32,378</b>	15,156

**8. SECURITY DEPOSITS, ADVANCES AND OTHER RECEIVABLES**

Security deposits with:

- National Clearing Company of Pakistan Limited	<b>3,500</b>	3,500
- Central Depository Company of Pakistan Limited	<b>100</b>	100
Advance against National Clearing Company of Pakistan Limited	<b>4,600</b>	-
Receivable against unit issuance	<b>563</b>	5,952
Receivable against sale of investments	<b>12,139</b>	-
	<b>20,902</b>	9,552

**9. ADVANCE TAX**

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue (FBR), through a circular "C.No.1 (43) DG (WHT) / 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents had deducted advance tax under section 150, 150A and 151 of ITO 2001. The Management Company has filed refund application and is confident that the same shall be refunded.

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

**10. PAYABLE TO UBL FUND MANAGERS LIMITED - MANAGEMENT COMPANY**

Management fee (including Sindh sales tax there against)	10.1 & 10.2	<b>10,522</b>	13,367
Sales load and conversion charges		<b>516</b>	311
Allocated expenses	10.3	<b>999</b>	1,204
Selling and marketing expense	11	<b>5,757</b>	7,248
Other payable		<b>17</b>	17
		<b>17,811</b>	22,147

- 10.1** As per the amended NBFC Regulations dated November 25, 2015 the Management Company is entitled to remuneration of an amount not exceeding 2% of average daily net assets of the Fund. The Management Company has charged remuneration at the rate of 2% (2018: 2%) of average annual net assets of the Fund.

- 10.2** The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2018: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 10.3** As per regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount to the Fund.

## **11. ALLOCATED SELLING AND MARKETING EXPENSE**

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

	Note	2019 ------(Rupees in '000)-----	2018
<b>12. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee	12.1	<u>620</u>	<u>761</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 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
Upto Rs 1,000 million	Rs 0.7 million or 0.20% p.a. of NAV, whichever is higher
On an amount exceeding Rs 1,000 million	Rs 2.0 million plus 0.10% p.a of NAV

	Note	2019 ------(Rupees in '000)-----	2018
<b>13. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee	13.1	<u>6,348</u>	<u>6,565</u>

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

	Note	2019 ------(Rupees in '000)-----	2018
<b>14. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditor's remuneration		359	326
Zakat deducted at source		244	2,479
Brokerage and settlement charges		1,652	2,353
Capital gain tax		6	146
Provision for indirect duties and taxes	14.1	45,195	45,195
Provision for Sindh Workers' Welfare Fund	14.2	49,389	49,389
Payable against purchase of investments		-	1,903
Others		336	109
		<u>97,181</u>	<u>101,900</u>

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

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

On 30 June 2016, the Honorable Sindh High Court of Pakistan had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after 01 July 2011 is ultra vires to the Constitution of Pakistan. On 23 September 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication. Management Company, as a matter of abundant caution, has maintained full provision for FED aggregating to Rs. 34.896 million until the matter is resolved. Had the provision not been made, the net asset value per unit of the Fund as at 30 June 2019 would have been higher by Rs. 0.37 (June 30, 2018: Rs. 0.35) per unit.

#### **14.2 Sindh Workers' Welfare Fund (SWWF) and Workers' Welfare Fund (WWF)**

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / Mutual Funds (CISs) whose income exceeded Rs. 500,000 in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher.

The amendments introduced in the WWF Ordinance were challenged in various High Courts of Pakistan and ultimately in the Supreme Court of Pakistan. On 10 November 2016, the SCP passed a judgment declaring the insertion of amendments introduced through Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. Subsequently, the Federal Board of Revenue (FBR) has filed a review petition in the SCP against the said judgment, which is pending adjudication.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on 21 May 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 31 December 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 Sindh WWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of Federal and Sindh WWF on Mutual Funds, the MUFAP obtained a legal opinion on these matters during financial year ended June 30, 2017. Based on such legal advice (which also stated that even if a review petition is filed by any party, such petition can only be based on very limited grounds and the chances of any major change in the SCP judgement are very limited), MUFAP had recommended to all its members to reverse the Federal WWF and start recording of Sindh WWF. Consequently, the Fund has recorded provision of Rs. Nil (June 2018: Rs. Nil) for the year and Rs. 49.389 million (June 2018: Rs. 49.389 million) in aggregate in respect of SWWF.

Had the provision not been made, it would have resulted in an increase in the net assets value per unit by Rs. 0.52 per unit (June 30, 2018: Rs. 0.49 per unit).

#### **15. NUMBER OF UNITS IN ISSUE**

	2019 -----Number of units-----	2018
Total units in issue at the beginning of the year	<b>100,596,734</b>	103,258,930
Units issued	<b>66,281,562</b>	88,035,149
Units redeemed	<b>(72,771,318)</b>	(90,697,345)
Total units in issue at the end of the year	<b>94,106,978</b>	100,596,734

- 15.1** The par value of each unit is Rs. 100. The Management Company has set a minimum investment of Rs. 500.
- 15.2** All units carry equal rights and are entitled to dividend and share in the net asset value of the Fund.

	2019	2018
	------(Rupees in '000)-----	
<b>16. AUDITOR'S REMUNERATION</b>		
Annual audit fee	263	228
Half yearly review	131	114
Review of compliance with the requirements of the Code of Corporate Governance	40	40
Other certifications	34	34
Out of pocket expenses	49	49
	<u>517</u>	<u>465</u>

**17. TAXATION**

According to Regulation 63 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, Management Company is required to distribute, by way of dividend, more than 90 percent of accounting income received or derived from sources other than capital gains (both realised and unrealised) during the year. Since the Fund has incurred net loss during the year ended June 30, 2019, no provision for taxation has been made in these financial statements.

**18. EARNINGS PER UNIT**

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

**19. TOTAL EXPENSE RATIO**

As per Directive 23 of 2016 dated July 20, 2016 issued by the SECP, the Total Expense Ratio of the Fund is 3.20% (2018: 3.13%) as on June 30, 2019 and this includes 0.40% (2018: 0.37%) representing government levy and SECP fee.

**20. FINANCIAL INSTRUMENTS BY CATEGORY**

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

Particulars	----- As at June 30, 2019 -----		
	At Amortised cost	Financial assets at fair value through profit or loss	Total

------(Rupees in '000)-----

**Financial assets**

Bank balances	370,665	-	370,665
Investments	-	5,092,738	5,092,738
Dividend and profit receivable	32,378	-	32,378
Security deposits, advances and other receivables	20,902	-	20,902
	<u>423,945</u>	<u>5,092,738</u>	<u>5,516,683</u>

Particulars	As at June 30, 2019		
	Liabilities at fair value through profit or loss	Amortised cost	Total

------(Rupees in '000)-----

#### Financial liabilities

Payable to UBL Fund Managers Limited - Management Company	-	17,811	17,811
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	620	620
Accrued expenses and other liabilities	-	2,347	2,347
Net assets attributable to redeemable units	-	5,397,661	5,397,661
	-	5,418,439	5,418,439

Particulars	As at June 30, 2018			
	Loans and receivables	Financial assets at fair value through profit or loss	Available for sale	Total

------(Rupees in '000)-----

#### Financial assets

Bank balances	581,965	-	-	581,965
Investments	-	2,921,667	3,491,550	6,413,217
Dividend and profit receivable	15,156	-	-	15,156
Security deposits and other receivables	9,552	-	-	9,552
	606,673	2,921,667	3,491,550	7,019,890

Particulars	As at June 30, 2018		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total

------(Rupees in '000)-----

#### Financial liabilities

Payable to UBL Fund Managers Limited - Management Company	-	22,147	22,147
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	761	761
Accrued expenses and other liabilities	-	4,691	4,691
Net assets attributable to redeemable units	-	6,891,411	6,891,411
	-	6,919,010	6,919,010

## 21. FINANCIAL RISK MANAGEMENT

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

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

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

### 21.1 Market risk

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

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

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

#### **21.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

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

#### **21.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

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

The Fund's interest rate risk arises from the balances in savings accounts. For the year, income would have increased / (decreased) by Rs. 3.706 million (2018: Rs. 5.819 million), had the interest rates on savings accounts with banks increased / (decreased) by 100 basis points.

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

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

#### **21.1.3 Price risk**

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

The Fund's equity securities are primarily exposed to equity price risk because of investments held and classified by the Fund on the statement of assets and liabilities as „financial assets at fair value through profit or loss“. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Fund's constitutive documents. The Fund's constitutive documents / NBFC Regulations also limit investment in individual equity securities to not more than 15% of its net assets, or 15% of the issued capital of the investee company and the sector exposure limit to 35% of net assets.

In case of 5% increase / decrease in the fair value of the Fund's equity securities at fair value through profit or loss on June 30, 2019, net income for the year would increase / decrease by Rs. 254.637 million (2018: Rs. 146.083 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

In case of 5% increase / decrease in the fair value of the Fund's equity securities held as available for sale on June 30, 2019, net assets of the Fund would increase / decrease by Rs. Nil (2018: Rs.174.578 million).

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of PSX 100 Index.

#### **21.2 Credit risk**

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

## Management of credit risk

For banks and financial institutions, the Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules and the regulations and the guidelines given by the SECP from time to time.

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

- 21.2.1** The analysis below summarises the credit quality of the balances in deposit accounts with Banks with which the Fund has kept such balances as at June 30, 2019:

### Bank balances by rating category

Name of bank	Balances held by the Fund as at June 30, 2019	Latest available published rating as at June 30, 2019	Rating agency
(Rupees in '000)			
Samba Bank Limited	312,126	AA	JCR-VIS
MCB Bank Limited	994	AAA	PACRA
United Bank Limited	15,567	AAA	JCR-VIS
Bank Alfalah Limited	40,742	AA+	PACRA & JCR-VIS
Sindh Bank Limited	22	A+	JCR-VIS
National Bank of Pakistan	1,030	AAA	PACRA & JCR-VIS
The Bank of Punjab	123	AA	PACRA
Silkbank Limited	23	A-	JCR-VIS
Habib Bank Limited	10	AAA	JCR-VIS
Allied Bank Limited	10	AAA	PACRA
Soneri Bank Limited	18	AA-	PACRA
	<u>370,665</u>		

### Concentration on credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund mainly deals in equity securities which are primarily subject to price risk. The Fund's major bank balance is held with one bank. Management believes that such bank is a reputed institution.

## 21.3 Liquidity risk

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

The Fund is exposed to the daily settlement of equity securities and to daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

### Management of liquidity risk

The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realised.

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



Further, the Fund also has the ability to suspend redemptions of units with the approval of the Board of Directors of the Management Company in extraordinary circumstances. The Fund can also borrow, with prior approval of the Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total net assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.

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

Particulars	June 30, 2019			
	Upto three months	More than three months and up to one year	More than one year	Total
(Rupees in '000)				
Payable to UBL Fund Managers Limited - Management Company	17,811	-	-	17,811
Payable to the Central Depository Company of Pakistan Limited - Trustee	620	-	-	620
Accrued expenses and other liabilities	2,347	-	-	2,347
Net assets attributable to redeemable units	5,397,661	-	-	5,397,661
	5,418,439	-	-	5,418,439

Particulars	June 30, 2018			
	Upto three months	More than three months and up to one year	More than one year	Total
(Rupees in '000)				
Liabilities				
Payable to UBL Fund Managers Limited - Management Company	22,147	-	-	22,147
Payable to the Central Depository Company of Pakistan Limited - Trustee	761	-	-	761
Accrued expenses and other liabilities	4,691	-	-	4,691
Net assets attributable to redeemable units	6,891,411	-	-	6,891,411
	6,919,010	-	-	6,919,010

## 22. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. These unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

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

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

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

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

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

Fair value of investments classified as 'at fair value through profit or loss' which are tradable in an open market is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

As at June 30, 2019				
ASSETS	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Investment in securities - financial assets at fair value through profit or loss - held for trading				
- Equity securities	5,092,738	-	-	5,092,738
	5,092,738	-	-	5,092,738
As at June 30, 2018				
ASSETS	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Investment in securities - financial assets at fair value through profit or loss - held for trading				
- Equity securities	2,909,511	-	-	2,909,511
- Letter of rights	12,156	-	-	12,156
Available for sale				
- Equity securities	3,491,550	-	-	3,491,550
	6,413,217	-	-	6,413,217

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

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

	June 30, 2019 (Percentage)
1 Next Capital Limited	7.52
2 TAURUS Securities Limited	7.32
3 Al-Falah Securities (Private) Limited	6.92
4 Inter Market Securities Limited	5.57
5 Topline Securities (Private) Limited	5.38
6 Arif Habib Limited	5.10
7 Elixir Securities Pakistan (Private) Limited	4.64
8 Insight Securities (Private) Limited	4.35
9 Optimus Capital Management (Private) Limited	4.31
10 IGI Securities Limited	3.92
	June 30, 2018 (Percentage)
1 Next Capital Limited	7.73
2 TAURUS Securities Limited	7.23
3 Al-Falah Securities (Private) Limited	5.99
4 Inter Market Securities Limited	5.53
5 Topline Securities (Private) Limited	5.44
6 Arif Habib Limited	4.95
7 Elixir Securities Pakistan (Private) Limited	4.75
8 Insight Securities (Private) Limited	4.46
9 Optimus Capital Management (Private) Limited	4.16
10 IGI Securities Limited	4.15

**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	23	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	18	CFA, MBA
3	Muhammad Waseem	Acting Head of Research	5	BBA
4	Hadi Hassan Mukhi	Head of Risk Management, Compliance, Information Security and Quality Assurance	19	B.Com
5	Asim Wahab Khan	Head of Investment Strategy and Equity	14	CFA, MBA
6	Usman Bin Razi	Head of Fixed Income	15	MBA
7	Mubashir Anis	Fund Manager Equity	7	CFA, BSC
8	Syed Shabbir Sardar Zaidi	Fund Manager & Senior Analyst	7	MAS & CFA
9	Syed Sheeraz Ali	Fund Manager & Senior Analyst	9	BSBA, MBA
10	Irfan Nepal	Chief Dealer and Fund Manager	25	EMBA

- 25.1** Mr. Mubashir Anis is fund manager of the Fund. He is also fund manager of UBL Dedicated Equity Fund and UBL Financial Sector Fund.

**26. PATTERN OF UNIT HOLDING**

Category	-----June 30, 2019-----		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	4,543	21,110,705	22.43
Associated companies and directors	8	228,421	0.24
Insurance companies	9	11,104,511	11.80
Banks, NBFCs & DFIs	2	3,054,301	3.25
Retirement Funds	57	48,800,621	51.86
Public limited companies	6	1,356,910	1.44
Others	21	8,451,509	8.98
	<b>4,646</b>	<b>94,106,978</b>	<b>100.00</b>

Category	-----June 30, 2018-----		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	4,620	26,429,699	26.27
Associated companies and directors	7	288,946	0.29
Insurance companies	13	17,808,253	17.70
Banks, NBFCs & DFIs	2	3,731,614	3.71
Retirement Funds	65	37,132,817	36.91
Public limited companies	9	2,378,634	2.36
Others	30	12,826,771	12.75
	<b>4,746</b>	<b>100,596,734</b>	<b>100.00</b>

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

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

- 27.1** Transactions with connected persons are in the normal course of business, at agreed /contracted rates.
- 27.2** Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 27.3** Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

## 27.4

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

Particulars	Management Company	Associated Companies and others*	Trustee	Funds under Common Management	Directors and Key Executives**	Other connected persons***
----- Year ended June 30, 2019 -----						
<u>Transactions during the year</u>						
----- (Units in '000) -----						
Units issued	4,854	-	-	-	90	12,734
Units redeemed	5,532	53	-	-	80	-
----- (Rupees in '000) -----						
Profit on savings accounts	-	3,375	-	-	-	-
Bank charges	-	48	-	-	-	-
Units issued	307,704	-	-	-	5,865	850,000
Units redeemed	357,913	3,600	-	-	5,166	-
Purchase of equity securities	-	373,539	-	-	-	-
Sale of equity securities	-	262,772	-	-	-	-
Dividend income	-	34,544	-	-	-	-
Remuneration (including sales tax)	151,008	-	8,680	-	-	-
Allocated expenses	6,682	-	-	-	-	-
Selling and marketing expenses	26,727	-	-	-	-	-
CDS expense	-	-	349	-	-	-
Listing fee	-	25	-	-	-	-
<u>Balances held</u>						
----- As at June 30, 2019 -----						
----- (Units in '000) -----						
Units held	3,054	16	-	-	230	20,528
----- (Rupees in '000) -----						
Units held	175,177	918	-	-	13,193	1,177,486
Bank balances	-	15,567	-	-	-	-
Deposits	-	-	100	-	-	-
Investments	-	460,989	-	-	-	-
Profit receivable	-	403	-	-	-	-
Remuneration Payable	10,522	-	620	-	-	-
Sales load and conversion charges payable	516	19	-	-	-	-
Allocated expenses	999	-	-	-	-	-
Selling and marketing expenses	5,757	-	-	-	-	-
Other payable	17	-	-	-	-	-
----- Year ended June 30, 2018 -----						
----- (Units in '000) -----						
Units issued	12,739	83	-	-	521	-
Units redeemed	12,169	14	-	-	660	2
----- (Rupees in '000) -----						
Profit on savings accounts	-	4,545	-	-	-	-
Bank charges	-	64	-	-	-	-
Units issued	915,646	6,100	-	-	36,136	-
Units redeemed	887,488	985	-	-	46,338	111
Purchase of equity securities	-	460,458	-	-	-	-
Sale of equity securities	-	354,496	-	-	-	-
Dividend income	-	21,616	-	-	-	-
Remuneration (including sales tax)	156,180	-	8,939	-	-	-
Allocated expenses	6,911	-	-	-	-	-
Selling and marketing expenses	27,642	-	-	-	-	-
CDS expense	-	-	565	-	-	-
Listing fee	-	25	-	-	-	-
<u>Balances held</u>						
----- As at June 30, 2018 -----						
----- (Units in '000) -----						
Units held	3,732	69	-	-	220	7,633
----- (Rupees in '000) -----						
Units held	256	5	-	-	15	523
Bank balances	-	51,754	-	-	-	-
Deposits	-	-	100	-	-	-
Investments	-	395,874	-	-	-	-
Profit receivable	-	472	-	-	-	-
Remuneration Payable	13,367	-	761	-	-	-
Sales load and conversion charges payable	311	3	-	-	-	-
Allocated expenses	1,204	-	-	-	-	-
Selling and marketing expenses	7,248	-	-	-	-	-
Other payable	17	-	-	-	-	-

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

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

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

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

**28. 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:

August 23, 2017	September 25, 2017	October 27, 2017	December 06, 2017	February 16, 2018	April 26, 2018	May 02, 2018	Total meetings attended
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**Directors:**

Azhar Hamid	✓	✓	✓	✓	✓	✓	7
Mirza Muhammad Sadeed Hassan Barlas*	✓	-	-	-	-	-	1
Imran Sarwar**	-	-	✓	✓	x	✓	4
Tauqeer Mazhar**	-	-	✓	✓	x	✓	3
Yasir Qadri	✓	✓	✓	✓	✓	✓	7
Zia Ijaz*	x	-	-	-	-	-	0
Sharjeel Shahid*	✓	-	-	-	-	-	1
Naz Khan	✓	✓	✓	✓	✓	✓	7
Sadia Saeed**	-	-	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	x	✓	✓	6

**Key Executives:**

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

**29. CONTINGENCIES AND COMMITMENTS**

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

**30. RECLASSIFICATION**

Comparative figures have been re-arranged and re-classified for the purpose of better presentation, the effect of which is not material.

**31. GENERAL**

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

**32. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 30-Aug-19 by the Board of Directors of the Management Company.

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

SD  
Chief Executive Officer

SD  
Chief Financial Officer

SD  
Director

## UBL Stock Advantage Fund

Holding	Resolution	For	Against	Abstain*
4,529,015	Annual General Meeting of M/s Adamjee Insurance Company Limited was held on May 28, 2019, for election of directors. The following persons were elected as directors: 1. Mr. Ibrahim Shamsi 2. Mr. Inran Maqbool 3. Mr. Muhammad Anees 4. Mr. Muhammad Arif Hameed 5. Ms. Sadia Younas IVansha 6. Mr. Shaikh Muhammad Jawed 7. Mr. Umer Mansha	✓		

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*
4,476,515	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. 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. 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 & Co. Chartered Accountants for appointment as auditors of the Company in place of retiring auditors, M/s KPMG Taseer Hadi & Co. Chartered Accountants after completion of five years. 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). 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". 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 the Company to take all steps and actions necessary, ancillary and incidental for making the investment(s) in Nishat Mills Limited and sign, execute and amend such documents, papers, instruments etc., as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the aforesaid resolution".	✓		

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*
4,344,015	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." "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."	✓		

**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*
3,482,099	<p>Extra ordinary general meeting held on 21 June 2019</p> <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**

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

Holding	Resolution	For	Against	Abstain*
3,528,099	<p>77th Annual General Meeting of Habib Bank Limited to be held on March 27, 2019</p> <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*
3,697,891	<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 Marriott Hotel, Islamabad to transact the following business:</p> <p>Ordinary Business:</p> <p>1. To confirm the minutes of the 59th Annual General Meeting held on 31 March 2018.</p> <p>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, 2017 of the Bank for the year ended 31 December 2018 together with the Directors report and Auditors' reports thereon.</p> <p>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.</p> <p>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 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.</p> <p>Special Business:</p> <p>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:</p> <p>"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.</p> <p>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.</p>	✓		

	<p>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:</p> <p>A. Where UBL makes boarding and lodging arrangements in respect of the above meetings:</p> <p>i. If the meeting is held in Pakistan: PKR 5,000/- per day per person for maximum 03 days</p> <p>ii. If meeting is held outside of Pakistan: USD 250/- per day per person for maximum 03 days</p> <p>B. Where Directors make their own boarding and lodging arrangements in respect of the above meetings:</p> <p>i. If the meeting is held in Pakistan: PKR 10,000/- per day per person for maximum 03 days</p> <p>ii. If meeting is held outside of Pakistan: USD 750/- per day per person for maximum 03 days</p> <p>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.</p> <p>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. "</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)</p> <p>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.</p> <p>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</p> <p>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.**



# UDEF

## UBL Dedicated Equity Fund

### INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide other 'Fund of Funds' schemes an avenue for investing in Equities.

<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>	Ernst & Young Ford Rhodes, Chartered Accountants
<b>Bankers</b>	United Bank Limited JS Bank Limited Soneri Bank Limited
<b>Management Co. Rating</b>	AM1(JCR-VIS)

## Fund Manager's Report – UBL Dedicated Equity Fund (UDEF)

- i) **Description of the Collective Investment Scheme category and type**  
Equity / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**  
The investment objective of the Fund is to provide other 'Fund of Funds' schemes an avenue for investing in Equities.
- 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
UDEF	1.91%	-1.84%	-1.81%	3.18%	-2.72%	-8.55%	10.23%	-2.98%	-2.44%	-4.36%	-2.65%	-5.88%	-17.56%
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 Dedicated Equity Fund was launched on 29-May-18. The investment objective of the Fund is to provide other 'Fund of Funds' schemes an avenue for investing in Equities. The Fund has generated a return of -17.56% during the period. The net assets of the fund were PKR 0.182 mn 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	92%	96%
T-bills	0%	0%
Cash	7%	1%
Others	1%	2%
Leverage	Nil	Nil

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

FY'19 Return:	-17.56%
Standard Deviation (12m trailing):	17.41%
Sharpe Ratio (12m trailing):	(1.57)

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		%
181,583	45,810	296.38	80.8948	98.1306	(17.56)

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

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

There were no significant changes in the state of affairs of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

- xii) Breakdown of unit holdings by size**

Range of Units	Number of Investors
	UDEF
0.0001 - 9,999.9999	3
10,000.0000 - 49,999.9999	-
50,000.0000 - 99,999.9999	2
100,000.0000 - 499,999.9999	3
500,000.0000 & Above	2
<b>Total</b>	<b>10</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 Dedicated Equity Fund

	2019	2018
<b>NET ASSETS AS AT 30 JUNE - Rupees in '000</b>	<b>181,583</b>	45,810
<b>NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *</b>		
Class A units - Offer	<b>80.8948</b>	98.1306
- Redemption	<b>80.8948</b>	98.1306
<b>RETURN OF THE FUND - %</b>		
Total Return of the Fund	<b>(17.56)</b>	(1.87)
Capital Growth (per unit)	<b>(17.56)</b>	(1.87)
Date of Income Distribution	-	-
Income Distribution	-	-
Date of Income Distribution	-	-
Income Distribution	-	-
<b>AVERAGE ANNUAL RETURN - %</b>		
One Year	<b>(17.56)</b>	(1.87)
Second Year	<b>(9.72)</b>	-
<b>OFFER / REPURCHASE DURING THE YEAR- Rupees *</b>		
Highest price per unit - Class A units - Offer	<b>102.0185</b>	103.2771
Highest price per unit - Class A units - Redemption	<b>102.0185</b>	103.2771
Lowest price per unit - Class A units - Offer	<b>79.7907</b>	96.1279
Lowest price per unit - Class A units - Redemption	<b>79.7907</b>	96.1279

\* Front-end load @ 3% is applicable

### **PORTFOLIO COMPOSITION - %**

Percentage of Net Assets as at 30 June

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

Bank Balances	<b>1.00</b>	7.00
Equity securities	<b>96.00</b>	92.00
Others	<b>2.00</b>	1.00

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

Equity market	<b>100.00</b>	100.00
Debt Market	-	-

Note:

- The Launch date of Fund is 29 May 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.

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**UBL DEDICATED EQUITY 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 Dedicated Equity 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 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 Dedicated Equity 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 Dedicated Equity 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**

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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.

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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**

## To the unitholders of UBL Dedicated Equity Fund

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

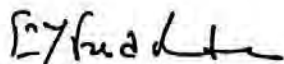
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Dedicated Equity Fund** (the Fund) for the year ended **30 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 Dedicated Equity Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **UBL Dedicated Equity 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 equity securities) held by the Fund represent 97% 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>



-: 2 :-

Key audit matter	How our audit addressed the key audit matter
<p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</p> <p>As disclosed in note 4.1, the investment in equity securities is now classified as 'at fair value through profit and loss'. This was previously classified as 'available-for-sale'.</p> <p>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>	<p>Custodian's statement and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange.</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>- Assessed the appropriateness of the classification of the investment as required by IFRS 9.</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.

