



**UBL Fund Managers Limited
GIPS Compliant Presentation
UBL Bond Savings Composite
November 4, 2011 through March 31, 2020**

Composite:		UBL Bond Savings Composite		Creation Date:		30-Jun-12	
				Reporting Currency:		Pak Rupees	
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)		
9MFY20	12.3	8	7,678	11.7%	65,809		
FY19	6.0	<5	2,319	4.1	56,767		
FY18	4.6	<5	724	1.0	76,029		
FY17	5.2	<5	732	1.0	76,490		
FY16	12.0	6	1,923	3.6	53,854		
FY15	20.1	<5	1,509	3.5	42,838		
FY14	8.5	<5	555	1.3	41,848		
FY13	11.5	<5	843	2.4	34,638		
FY12*	5.8	<5	535	1.1	47,792		
* Returns since 4 th November, 2011							

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Compliance Statement

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Definition of the Firm

UBL Fund Managers Limited is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

Policies

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

Composite Description

The investment objective of UBL Bond Savings Composite is to provide investors with competitive returns by investing in debt market securities. The composite primarily invests in debt securities. Currently, the composite comprises of nil portfolio as result of re composition.

Note

Previously, the composite comprised of UBL Retirement Savings Fund-Debt Sub Fund (URSF- DSF), UBL Special Savings Plan-I (USSP-I), UBL Special Savings Plan-II (USSP-II), UBL Special Savings Plan (USSP-III), UBL Special Savings Plan (USSP-IV), UBL Special Savings Plan (USSP-V), UBL Special Savings Plan (USSP-VI) & UBL Special Savings Plan (USSP-VIII) . However, re-composition has done to make it more presentable and as a result UBL Retirement Savings Fund-Debt Sub Fund (URSF- DSF) has transferred into UBL Fixed Income Composite. Accordingly, USSP series has

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transferred in UBL Principal Protected Composite which is presenting all principle protected schemes and mandates. However, this change will applied prospectively.

Benchmark

Currently no Benchmark has been assigned to UBL Bonds Saving Composite.

List of Composites

A list of all composite descriptions is available upon request.

Fees

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

Fee Schedule

Management Fee is **1.5% p.a. (URSF-DSF)**, Management Fee is Upto 1.00% (USSP-I), Management Fee is Upto 1.00% (USSP-II), Management Fee is Upto 1.00% (USSP-III), Management Fee is Upto 1.00% (USSP-IV), Management Fee is Upto 1.00% (USSP-VI), Management Fee is Upto 0.1% (USSP-V) & Management Fee is Upto 0.75% (USSP-VIII)

Minimum Portfolio Size

The Minimum Portfolio size for inclusion in the composite is as follows:

Internal Dispersion

For Rs.100 Million per Fund (which is also the **Portfolio/Fund** minimum regulatory requirement to start a fund)

For SMA Rs. 25 Million per Managed Account

Since number of Portfolios in the composite is less than five for the entire (full) year therefore calculation of internal dispersion is not required.

Significant Event

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1. The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs. 4.7340 million for URSF - DSF as at December 31, 2016.

Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan. Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed 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, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated 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

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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.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 4.040 million in URSF-DSF as at March 31, 2020.

5. USSP-I has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date November 09, 2018). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 1.11 million.

6. USSP-II has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date February 06, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 1.92 million.

7. USSP-III has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date April 17, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs.0.52 million.

8. USSP-IV has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date May 30, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 0.403 million.

9. USSP-V has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date Sep 13, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 8.31 million.

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10. USSP-VI has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date August 05, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 0.273 million.

11. USSP-VIII has been added in the composite list as period of 45 days has been completed for inclusion in portfolio (first NAV announced date August 05, 2019). The Fund/Scheme has maintained provisions against Sindh Workers' Welfare Fund as of March 31, 2020 to the tune of Rs. 0.273 million.

Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite as of each year end is as follow;

Year	Composite 3-Yr St Dev (%)
9MFY20	1.05%
FY19	0.68%
FY18	1.01%
FY17	2.22%
FY16	2.32%
FY15	1.01%

Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

Financial instruments

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All the financial assets and financial liabilities are recognized at the time when the Portfolio 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 expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

Revenue recognition

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

Proprietary Assets in the Composite

The Composite does not contain any investment of UBL Fund Managers Limited and UBL Bank Limited (Parent Company of UBL Fund Managers Limited) as at March 31, 2020.

Liability for Income Tax

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend

Notwithstanding the tax rates and withholding tax the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, 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. The ninety per cent (90%) of

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the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

Withholding Tax

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

Taxation of Unit Holders and Liability to Zakat

(a) Withholding Tax:

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

(b) Capital Gains:

Capital Gains arising on disposition of Units of the Fund subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). . As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

Treatment for Separately Managed Discretionary Account (SMA):

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment unless any SMA is recognized as tax-exempted by the Commissioner of Income Tax. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.

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**UBL Fund Managers Limited
GIPS Compliant Presentation
UBL Capital Protected Composite
April 15, 2008 through March 31, 2020**

Composite:		UBL Capital Protected Composite		Creation Date:		15-Apr-10	
				Reporting Currency:		Pak Rupees	
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)		
9MFY20	4.90	0	0	0	65,809		
FY19	3.01	<5	312	0.5	56,767		
FY18	0.49	<5	413	0.5	76,029		
FY17***	1.7	<5	427	0.6	76,490		
FY12**	6.3	<5	0	0	47,792		
FY11	8.0	<5	205	0.8	26,165		
FY10	9.5	<5	787	3.9	19,874		
FY09	4.2	<5	730	3.1	23,777		
FY08*	-1.4	<5	689	2.4	28,400		
*Returns are from April 15, 2008 to June 30, 2008 **Only surviving portfolio in the composite matured on 22 nd May 2012 *** Returns are from 26 Jan 2017							

Compliance Statement

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- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Definition of the Firm

UBL Fund Managers Limited is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

Policies

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

Composite Description

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

Benchmark

No benchmark has been assigned to this composite.

List of Composites

A list of all composite descriptions is available upon request.

Significant Event

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1) As a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed 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 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 judgment are very limited), has recommended to all its members on January 12, 2017 to start making the provision of Sindh Workers' Welfare Fund.

Accordingly, only SWWF provision has been recorded in UCPF-III*. The provision against SWWF has been charged to the tune of Rs. 0.66mn million as at Jan 27, 2020. The fund has matured on this date.

* Date of Inception: January 26, 2017.

Fees

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses. (Please refer to Schedule)

Fee schedule

Management Fee: 0.75% per annum (UCPF-III)

Minimum Portfolio Size

The Minimum Portfolio size for inclusion in the composite is as follows: For Portfolio/Fund	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a fund)
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For SMA	Rs. 25 Million per Managed Account.
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Internal Dispersion

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required.

Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

Year	Composite 3-Yr St Dev (%)
FY12	2.85

Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio 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 expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

Revenue recognition

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

Propriety Assets in the Composite

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The Composite does not contain any investment of UBL Fund Managers Limited and UBL Bank Limited (Parent Company of UBL Fund Managers Limited) as at March 31, 2020.

Liability for Income Tax

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.

- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend

Notwithstanding the tax rates and withholding tax stated, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, 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. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

Withholding Tax

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

Taxation of Unit Holders and Liability to Zakat

(a) Withholding Tax:

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Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

(b) Capital Gains:

Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

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**GIPS Compliant Presentation
UBL Fund Managers Limited
UBL Commodity Composite
February 13, 2013 through March 31, 2017**

Composite:	UBL Commodity Composite			Creation Date:	13-Feb-13
				Reporting Currency:	Pak Rupees
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)
9MFY17**	-8.6	<5	0	0	76,490
FY16	13.6	<5	133	0.2	53,854
FY15	-6.0	<5	139	0.3	42,838
FY14	12.9	<5	138	0.3	41,848
FY'13*	-17.1	<5	140	0.4	34,638
*Returns are from February 13, 2013 to June 30, 2013					
** The only portfolio in the composite failed to meet the qualification criteria on 13 Mar 2017. Returns are till 12 Mar 2017					

Compliance Statement

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

Definition of the Firm

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- (i) All Funds under Management (including investment plans)

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Tel + 92 -21 – 111 825262

Corporate Office : 8th Floor, Executive Tower, Dolmen City,
Block 4, Clifton, Karachi.
Tel: +92-213-5290080-95



(ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

Policies

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

Composite Description

The investment objective of UBL Commodity Composite is to provide Unit-holders exposure to Gold as an asset class by investing significant portion of Fund's net assets in Gold based instruments, while investing the remaining portion in high-rated money market instruments. As at March 31, 2017 the composite comprise of Nil Portfolio. Due to redemption of seed capital, the UBL Gold Fund (UGF) does not qualify the criteria for inclusion in composite as fund size is below Rs. 100mn as of March 31, 2017. Further, the fund size remained below 100m till June 30, 2017.

Since the Fund (UGF) is no longer commercially viable and the purpose cannot be accomplished therefore pursuant to the provision of 45A(d) of NBFC Regulations, 2008, and sub-clause 10.4(iv) of the Offering Document of UGF, UBL Fund Managers Limited revoked the scheme with the consent of Trustee. The fund revoked on August 02, 2017 in accordance with the Procedure provided in Regulation 45B of NBFC Regulations, 2008.

Benchmark

(a) 80% Daily Closing Pakistan Rupee Spot Gold Prices at the Pakistan Mercantile Exchange Limited (PMEX) and

(b) 20% Average of three (3) month deposit rates of five (5), AA and above rated scheduled commercial banks for the period of return;

List of Composites

A list of all composite descriptions is available upon request.

Significant Event

1. The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes /mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been 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 is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication. In July 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency

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Tel + 92 -21 – 111 825262

Corporate Office : 8th Floor, Executive Tower, Dolmen City,
Block 4, Clifton, Karachi.
Tel: +92-213-5290080-95



of WWF on behalf of the Ministry) to its members for necessary action through letter dated October 06, 2010. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter dated January 04, 2011 subsequently cancelled ab-initio the clarification letter dated October 06, 2010 on applicability of WWF on mutual funds. On December 14, 2010, the Ministry had filed its response against the constitutional petition requesting the SHC to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the SHC. During the current period, the Honorable Lahore High Court (LHC) in a similar constitutional petition relating to the amendments brought on the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the constitutional petition which is pending in the SHC. Based on the above, the Management Company believes that the Fund is not liable to contribute to WWF. The amount of WWF was Rs. 0.3245 Million as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.

2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.

3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. As of March 31, 2017, UBL Gold Fund (UGF) has been removed from the composite since it does not qualify the criteria for inclusion in the composite as minimum portfolio size is less than Rs. 100 million.

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5. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed 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, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated 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.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 0.32 million in UGF as at July 31, 2017. The Fund revoked / cease to carry on its business w.e.f. August 02, 2017.

Fees

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

Fee Schedule

Management Fee is: **1.50%**

Minimum Portfolio Size

The Minimum Portfolio size for inclusion in the composite is as follows: For Portfolio/Fund	Rs.100 Million per Fund (which is also the minimum regulatory requirement to start a
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	fund)
For SMA	Rs. 25 Million per Managed Account.

Internal Dispersion

Since number of Portfolios in the composite is less than five therefore calculation of internal dispersion is not required

Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite as of each year end is as follows;

Year	Composite 3-Yr St Dev (%)
9MFY17	12.19%
FY16	13.39%

Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio 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 expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

Revenue recognition

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established. Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

Proprietary Assets in the Composite

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Since, the fund ceased to exist (revoked), the Composite does not contain investments of UBL Fund Managers Limited and UBL Bank Limited (UBL Fund Managers Limited parent company).

Liability for Income Tax

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate, applicable to a public company.

Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend

Notwithstanding the tax rates and withholding tax, the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, 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. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

Withholding Tax

Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

Taxation of Unit Holders and Liability to Zakat

(a) Withholding Tax:

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

(b) Capital Gains:

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Capital Gains arising on disposition of Units of the Fund will be subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

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UBL Fund Managers Limited
GIPS Compliant Presentation
UBL Conventional Balance Composite
December 1, 2008 through March 31, 2020

Composite: UBL Conventional Balance Composite		Creation Date: 15-Apr-10				
Benchmark: Refer to Benchmark Disclosure		Reporting Currency: Pak Rupees				
	Total Net Return (%)	Internal Dispersion (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)
9MFY20	1.4	N/A	1	858	1.3	65,809
FY19	10.8	N/A	16	4,547	8.0	56,767
FY18	24.4	N/A	18	5,578	7.3	76,029
FY17	21.6	N/A	19	6,308	8.2	76,490
FY16	14.8	4.44	17	4,371	8.1	53,854
FY15	23.5	3.53	12	2,295	5.4	42,838
FY14	16.9		12	2,445	5.8	41,848
FY13	29.8		<5	201	0.6	34,638
FY12	12.4		<5	88	0.2	47,792
FY11	20.1		<5	41	0.2	26,165
FY10	18.6		<5	31	0.2	19,874
FY09*	20.3		<5	20	0.1	23,777

Compliance Statement

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UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. UBL Fund Managers Ltd has been independently verified by KPMG Taseer Hadi & Co. for the periods July 2011 to June 2012. The verification report(s) is available upon request. Verification assesses whether;

- (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and
- (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

Definition of the Firm

UBL Fund Managers Limited is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

- (i) All Funds under Management (including investment plans)
- (ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

Policies

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

Composite Description

The objective of the UBL Funds Conventional Balanced Composite is income and growth by investing in Domestic listed equities & Domestic fixed income instruments. Secondary objective is to grow the value of assets over the long-term. UBL Funds Conventional Balanced Composite currently comprises of nil portfolio due to re-composition of composite.

Note

Previously, the composite comprised of UBL Asset Allocation Fund (UAAF). However, re-composition has done to make it more presentable and as a result, this scheme has transferred into Dynamic Asset Allocation Composite. However, this change will applied prospectively.

Benchmark

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Currently, no Benchmark has been assigned to UBL Funds Conventional Balanced Composite.

List of Composites

A list of all composite descriptions is available upon request.

Significant Event:

1. The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs 5.9470 million for UAAF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of "Industrial Establishment", no provision for WWF has been provided after June 30, 2015.
2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.
3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

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

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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, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated 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.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 11.73mn million in UAAF as at March 31, 2020.

Fees

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

Fees Schedule

Fees are charged as per different agreements as agreed with the clients. UAAF : **1%**

Minimum Portfolio Size

The Minimum Portfolio size for inclusion in the composite is as follows:

For Rs.100 Million per Fund (which is also the

Portfolio/Fund minimum regulatory requirement to start a fund)

For SMA Rs. 25 Million per Managed Account

Internal Dispersion

Internal dispersion is calculated using the equal-weighted standard deviation of annual net returns of those portfolios that were included in the composite for the entire year.

Ex-Post Standard Deviation

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The three-year annualized ex-post standard deviation of the composite and Benchmark as of each year end is as follows:

Year	Composite 3-Yr St Dev (%)
9MFY20	8.34%
FY19	28.81%
FY18	5.44%
FY17	5.49%
2016	5.40%
2015	9.81%
2014	9.64%
2013	9.48%
2012	5.1%

Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio 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 expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

Revenue recognition

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Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established.

Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis.

Profit on bank deposits is recorded on accrual basis.

Proprietary Assets in the Composite

The Composite not contain investments of UBL Fund Managers Limited. However, contain ordinary shares of UBL Bank (UBL Fund Managers Limited Parent Company) as of March 31, 2020.

Liability for Income Tax

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if 90% distribution is not made among the unit holders, certificate holders or shareholders as the case may be. The tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the applicable tax rate as provided in Income Tax Ordinance, 2001 for public companies on gross income basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the Income Tax Ordinance, 2001;

Return from all other sources/instruments are taxable at the rate applicable to a public company.

Liability for Income Tax, if ninety per cent (90%) of the Fund's income is paid as dividend

Notwithstanding the tax rates and withholding tax the income of the Fund will be exempt from tax, if not less than ninety per cent (90%) of the income for the year is distributed amongst the Unit Holders as dividend. This includes only cash dividend as consequent to amendments in Income Tax Ordinance, 2001 through Finance Act, 2014, 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. The ninety per cent (90%) of the income shall be calculated after excluding capital gains and as reduced by such expenses as are chargeable to the Fund under the Regulations.

Withholding Tax

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Under the provisions of Clause 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, return on deposits/certificates of investment with banks/financial institutions, profits from money market transactions, profit from Profit or Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

Taxation of Unit Holders and Liability to Zakat

(a) Withholding Tax:

Unless exempted from such taxation or at a reduced rate under any law or Avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax as per the prevailing tax law. In terms of the provisions of the Income Tax Ordinance, 2001, the withholding tax shall be deemed to be full and final liability in respect of such distribution.

(b) Capital Gains:

Capital Gains arising on disposition of Units of the Fund subject to withholding Capital Gains Tax (CGT) at the applicable rates given in the Income Tax Ordinance, 2001 (ITO). There shall be no CGT, if holding period is more than 48 months (4 years). As per section 37(A) of the Income Tax Ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the unit holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

Treatment of Separately Managed Discretionary Account (SMA):

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment unless any SMA is recognized as tax-exempted by the Commissioner of Income Tax. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.

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GIPS Compliant Presentation
UBL Fund Managers Limited
UBL Dynamic Allocation Composite
December 20, 2012 through June 30, 2020

Composite:		UBL Dynamic Allocation Composite		Creation Date:	20-Dec-12
				Reporting Currency:	Pak Rupees
	Total Net Return (%)	Number of Portfolios	Total Assets at end of Period (mn)	Percentage of Firm's assets (%)	Total Assets of the Firm at end of Period (mn)
FY20	-9.1	30	5,756	6.9	83,025
FY19	-6.8	17	1,604	2.8	56,767
FY18	-5.1	25	2,660	3.5	76,029
FY17	22.3	25	2,470	3.2	76,490
FY16	3.2	6	342	0.6	53,854
FY15**	11.3	<5	33	0.1	42,838
1H'FY14	14.7	<5	38	0.1	34,057
FY'13*	33.3	<5	66	0.2	34,638
*Returns are from December 20, 2012 to June 30, 2013					
**Returns are from 4-Sep-14					

Compliance Statement

UBL Fund Managers Ltd claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

Verification does not ensure the accuracy of any specific composite presentation.

Definition of the Firm

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UBL Fund Managers Limited is a wholly owned subsidiary of United Bank Limited licensed by SECP to undertake asset management and investment advisory services. The definition of Firm at UBL Fund Managers Limited encompasses the following:

(i) All Funds under Management (including investment plans)

(ii) All Non-Fee Paying and Fee Paying and Discretionary and Non-Discretionary Portfolios.

Policies

UBL Fund Managers Limited policies for valuing Portfolios, calculating performance, and preparing compliant presentations are available upon request.

Composite Description

The objective of the UBL Funds Dynamic Allocation Composite is income and growth by in various asset classes/instruments. Secondary objective is to grow the value of assets over the long-term. UBL Dynamic Allocation Composite comprises of UBL asset allocation Fund (UAAF) and twenty nine (29). Also, the entire investment in UBL Conservative Allocation Plan (UCONAP) as of June 30, 2018 is zero. Therefore, does not qualify for inclusion in composite.

Benchmark

Currently, no Benchmark has been assigned to UBL Funds Dynamic Composite.

List of Composites

A list of all composite descriptions is available upon request.

Fees

Returns are presented net of all expenses (including custodial expenses, SECP fee, Listing fee) in addition to the Management Fee and Trading Expenses.

Fees Schedule

Fees are charged as per different agreements as agreed with the clients. UAAF: 1%

Minimum Portfolio Size

The Minimum Portfolio size for inclusion in the composite is as follows:

For Rs.100 Million per Fund (which is also the

Portfolio/Fund minimum regulatory requirement to start a fund)

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For SMA Rs. 25 Million per Managed Account

Internal Dispersion

Since number of Portfolios in the composite is less than five for the entire (full) year therefore calculation of internal dispersion is not required.

Significant Event:

1. The BoD further resolved that with effect from May 30, 2013, the Fund will make provision on account of WWF at the rate of 2% of net accounting income under the WWF Ordinance, 1971. Accordingly, the fund has recorded a provision for WWF of Rs 5.9470 million for UAAF as at June 30, 2015. Further, consequent to amendments in tax laws through Finance Act 2015, where Mutual Funds & Collective Investment Schemes have been excluded from the definition of “Industrial Establishment”, no provision for WWF has been provided after June 30, 2015.
2. Effective from 01 July 2011, Sindh Revenue Board under Sindh Sales Tax on Services Act, 2011 has applied Sales Tax on all services rendered by Non-Banking Financial Institution. The Sales Tax is being charged @16% on Management Fee paid/payable to the Management Company.
3. On 30 June 2016, the Honorable Sindh High Court of Pakistan has passed the Judgment that after 18th amendment in Constitution of Pakistan the Provinces alone have the legislative power to levy a tax on rendering or providing services therefore chargeability and collection of Federal Excise Duty (FED) after 01 July 2011 is Ultra Vires to the Constitution of Pakistan. The Management Company as a matter of abundant caution has not reversed the provision of FED, as the Federal Board of Revenue could file an appeal with Honorable Supreme Court of Pakistan against the Judgment passed by Honorable Sindh High Court of Pakistan.

Furthermore, after the promulgation of Finance Act, 2016 FED is no longer applicable to Collective Investment Scheme with effect from July 01, 2016.

4. Further, as a consequence of the 18th amendment to the Constitution, levy for Sindh Workers’ Welfare Fund (SWWF) was also introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act 2014 (SWWF Act 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of “Industrial Undertaking” but does not define Financial Institution. The Management Company, based on an opinion obtained by the Mutual Fund Association of Pakistan (MUFAP), believed

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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, MUFAP obtained a legal opinion on the applicability of WWF and SWWF on Mutual Funds, and based on such legal advice, recommended to all its members through letter dated 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.

Accordingly, the Fund has recorded these adjustments in its books of account on January 12, 2017. Based on which the provision against WWF has been reversed and provision related to SWWF has been recorded. The provision against SWWF has been charged to the tune of Rs. 13.41mn million in UAAF as at June 30, 2020.

2) UBL Conservative Allocation Plan (Fund of Funds Scheme) launched on September 28, 2017 under UBL Financial Planning Fund. The fund has made provision of SWWF w.e.f. inception. The provision against SWWF is Rs. 0.44mn as at March 31, 2018. As of June 30, 2018, the investment (portfolio) in UBL Conservative Allocation Plan is zero.

Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite as of each year end is as follows:

Year	Composite 3-Yr St Dev (%)
FY20	14.21%

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FY19	10.69%
FY18	12.64%

Key Assumption for Portfolio valuation

Following are key assumption used in Portfolio valuation:

Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio 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 expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

Revenue recognition

Gains / (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend income is recognized when the right to receive the dividend is established. Income on reverse repurchase, certificates of investment, placements, government securities and investments in debt securities are recognized at rate of return implicit in the instrument/ arrangement on a time proportionate basis. Profit on bank deposits is recorded on accrual basis.

Proprietary Assets in the Composite

The Composite contain investment of UBL Fund Managers Limited and UBL Bank as at June 30, 2020.

Treatment of Separately Managed Discretionary Account (SMA):

The SMA shall be liable for payment withholding tax and other taxes on the investment amount and on returns or growth of investment unless any SMA is recognized as tax-exempted by the Commissioner of Income Tax. The Investment Adviser shall be responsible for complying with the requirements of law with regard to any deductions at source.

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