



Together Creating Tomorrow

Annual Report UBL Funds
Aggressive Income Fund

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



**TOGETHER
WE SUCCEED**

**UBL Growth &
Income Fund**
(Formerly United Growth & Income Fund)

UGIF

UBL Growth & Income Fund(formerly United Growth & Income Fund)

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.

	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants
Bankers	United Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited JS Bank Limited Khushhali Bank Ltd. MCB Bank Limited NIB Bank Limited Samba Bank Limited Silk Bank Limited Sindh Bank Limited Summit Bank Limited Telenor Microfinance Bank Limited (Formerly Tameer Microfinance Bank) The Bank of Punjab
Management Co. Rating	AM2++ (JCR-VIS)
Fund Rating	A(f) (JCR-VIS)

UBL Growth and Income Fund (Formerly United Growth & 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'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	Apr'17	May'17	Jun'17	FYTD
UGIF	34.91%	0.25%	2.42%	-0.39%	6.81%	3.39%	8.96%	4.78%	5.34%	2.32%	9.88%	6.05%	6.77%
Benchmark	6.16%	6.10%	6.05%	6.12%	6.15%	6.18%	6.16%	6.15%	6.16%	6.22%	6.20%	6.21%	6.16%

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

The Fund Manager focused solely on maintaining the quality and liquidity of the portfolio at a comfortable level during the year. The fund's yield of 6.77% p.a. outperformed the benchmark by ~61bps during FY17. The major exposure was in Cash and TFCs during the period under review. At the end of Jun17, the weighted average maturity of the fund was 1.14 years.

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-17	Jun-16
Term Finance Certificates / Sukuks	14%	31%
Commercial Paper	3%	0%
Placements with NBFCs	0%	0%
Placements with DFIs	0%	0%
Placements with Banks	4%	0%
Cash	46%	49%
T-Bills	0%	0%
PIBs	0%	15%
GoP Ijarah Sukuk	4%	0%
Others	15%	5%
Leverage	Nil	Nil
Spread Transaction	8%	0%
MTS Exposure	6%	0%
Placements with Banks	100%	100%

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

FY'17 Return:	6.77%
Standard Deviation (12m trailing):	1.55%
Sharpe Ratio (12m trailing):	0.55

ix) **Changes in total NAV and NAV per unit since the last year end**

Net Asset Value			NAV per unit		
30-Jun-17	30-Jun-16	Change	30-Jun-17	30-Jun-16	Change
Rupees (000)		%	Rupees		%
5,707,271	1,735,198	228.91	84.8927	84.8042	0.10

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 – FY17

The International Crude Oil prices oscillated between USD 40 to 55 per barrel and closed the year at USD 46/barrel. Historically low oil prices along with stable commodity prices and exchange rate helped keep inflation under check at 4.1% as compared to 2.9% last year. Core measures of inflation witnessed a slight upward trajectory where NFNE which is somewhat sticky in nature increased to 5.5% compared to 4.6% posted in same period last year. Taking cues from lower inflation, the SBP decided to keep the policy rate at 5.75%.

In twelve PIB auctions conducted during the year, the government raised PKR869.3 billion (PKR 928 billion in FY16) against target of PKR 800 billion. Participation in the auctions was largely skewed towards three and five year paper with the participation ratio of 60% and 26% respectively. Cut off yields in June auction were 6.41%, 6.90% and 7.94% for three, five and ten year PIB instruments respectively.

The yield curve shifted upwards during FY17. Since the start of the fiscal year the secondary market yields for 3 Year, 5 Year and 10 Year PIB have come up by ~40bps, ~46bps and ~50bps respectively. The spread between annualized yields of 1-year T-bills (6.04% p.a.) and 10-year PIBs (8.17% p.a.) stood at 2.13% as of 30 June 2017.

- xi) Disclosure on distribution (if any), comprising:-**
 - particulars of income distribution or other forms of distribution made and proposed during the year; and
 - statement of effects on the NAV before and after distribution is made

Distribution			Per unit		
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
Rupees (000)			Rupees		
June 19, 2017	-	130,725	5.65	90.3662	84.8437

- 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**
 No significant change during the year.

xiii) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UGIF
0.0001 - 9,999.9999	1,170
10,000.0000 - 49,999.9999	114
50,000.0000 - 99,999.9999	15
100,000.0000 - 499,999.9999	31
500,000.0000 & Above	21
Total	1,351

7. In FMR – point xiii), no. of investors should be 1,170 instead of 1,161;
 8. In FMR 2017 figures are not correct- will update this on Monday morning.

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

There were no unit splits during the period.

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

Investment are subject to credit and market risk.

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

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

PERFORMANCE TABLE

United Growth & Income Fund

	2017	2016	2015
NET ASSETS AS AT 30 JUNE - Rupees in '000	5,707,271	1,735,198	3,384,235
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees			
Income units - Offer *	86.3359	86.4833	82.6151
- Redemption	84.8927	84.8042	80.9952
Growth units - Offer	84.8927	84.8042	80.9952
- Redemption **	84.8927	84.8042	80.9952
RETURN OF THE FUND - %			
Total Return of the Fund	6.77	12.09	11.92
Capital Growth (per unit)	1.32	7.17	3.33
Date of Income Distribution	19-Jun-17	24-Jun-16	26-Jun-15
Income Distribution	5.65	6.00	9.09
AVERAGE ANNUAL RETURN - %			
One Year	6.77	12.09	11.92
Second Year	9.43	12.01	15.14
Third Year	10.26	14.12	13.66
Fourth Year	12.28	13.27	7.17
Fifth Year	11.97	8.16	3.66
Sixth Year	7.93	5.07	4.60

OFFER / REPURCHASE DURING THE YEAR- Rupees

Highest price per unit - Income units - Offer *	92.4672	92.4672	90.6120
Highest price per unit - Income units - Redemption *	91.9841	90.6719	88.8353
Highest price per unit - Growth units - Offer *	91.9841	90.6719	88.8353
Highest price per unit - Growth units - Redemption *	91.9841	90.6719	88.8353
Lowest price per unit - Income units - Offer *	89.8843	82.3219	80.1971
Lowest price per unit - Income units - Redemption *	89.4147	80.7236	78.6246
Lowest price per unit - Growth units - Offer *	89.4147	80.7236	78.6246
Lowest price per unit - Growth units - Redemption *	89.4147	80.7236	78.6246

* 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	46.00	49.00	24.00
Placements & Term Deposit Receipts	4.00	0.00	3.00
TFCs, Sukuks, Government securities, Commercial papers	35.00	51.00	73.00
others	15.00		

PORTFOLIO COMPOSITION BY MARKET - %

Debt market	100	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.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

**UBL GROWTH AND INCOME FUND (Formerly UNITED GROWTH AND 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 and Income Fund (Formerly United Growth and 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, 2017 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 25, 2017



STATEMENT OF COMPLIANCE BY UBL FUND MANAGERS LIMITED WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the “Code”), contained in Chapter 5 (clause 5.19.24) of Rule Book of Pakistan Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby, a listed entity is managed in compliance with the best practices of Corporate Governance.

The Board of Directors (the “Board”) of UBL Fund Managers Limited (the “Management Company”), which is an unlisted public company, manages the affairs of **UBL Growth and Income Fund** (the “Fund”). The Fund being a unit trust open end scheme does not have its own Board of Directors. The units of the Fund are listed as a security on the Pakistan Stock Exchange Limited; therefore, the Management Company has applied the principles contained in the Code to the Fund in the following manner:

289. The Management Company encourages representation of independent non-executive directors. All the directors except the Chief Executive Officer of the Management Company are non-executive directors, two of whom are independent non-executive directors.

Category	Name
Independent Directors	Mr. Tariq Kirmani
	Mr. Shabbir Hussain Hashmi
Executive Directors	Mr. Yasir Qadri
Non - Executive Directors	Mr. Zia Ijaz
	Mr. Zulfiqar Alavi
	Syed Furrukh Zaeem
	Mirza Muhammad Sadeed Hassan Barlas

The independent directors meet the criteria of independence under regulation 5.19.1(b) of the Rule Book of Pakistan Stock Exchange Limited.

290. The existing directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Management Company.

291. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

292. No casual vacancy occurred on the Board during the year.

293. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.

294. The Board has developed a vision / mission statement, overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
295. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
296. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
297. In order to apprise the directors on their duties and responsibilities and the requirements of the Code, the Management Company has a process in place to conduct formal orientations for new directors. Furthermore, five directors on the Board have completed the Director Training Program (DTP) and are certified directors, while two Independent directors are exempt from the DTP under the Code of Corporate Governance 2012. The directors are well conversant with the relevant laws applicable to the Fund and the Management Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
298. There was no appointment of CFO, Company Secretary and Head of Internal Audit during the year.
299. The Directors' report relating to the Fund for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
300. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
301. The Directors, CEO, and executives do not hold any interest in the units of the Fund other than that being disclosed in the Directors' Report.
302. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
303. The Board has formed a Board Audit Committee which comprises of five members, all of whom are non-executive directors including the chairman of the Committee who is an independent non-executive director.
304. The meetings of the Board Audit Committee were held, at least, once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference have been approved in the meeting of the Board of Directors and the Committee has been advised to ensure compliance with those terms of reference.

305. The Management Company has an in-house internal audit function. The internal audit team is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Fund and they are involved in the internal audit function on a full time basis.
306. The Board has formed a Human Resource and Compensation Committee. It comprises of four members, of whom three are non-executive directors, one is an executive director and the chairman of the Committee is an independent non- executive director.
307. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
308. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
309. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Fund's securities, was determined and intimated to directors, employees and stock exchange.
310. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
311. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
312. We confirm that all other material principles contained in the Code have been complied with.

YASIR QADRI
Chief Executive

Karachi.
Dated: August 23, 2017



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone +92 (21) 3568 5847
Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

Review report to the Unit holders of UBL Growth and Income Fund (formerly United Growth and Income Fund) ("the Fund") on the Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of UBL Fund Managers Limited ("the Management Company") of the Fund for the year ended 30 June 2017 to comply with the requirements of Clause No. 5.19.24 of Rule Book of Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

The Code requires the Management Company of the Fund to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2017.

Date: 23 August 2017

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone: + 92 (21) 3568 5847
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Internet: www.kpmg.com.pk

Independent Auditors' Report to the Unit holders

Report on the Financial Statements

We have audited the accompanying financial statements of **UBL Growth and Income Fund** ("the Fund") [formerly known as United Growth and Income Fund], which comprise the statement of assets and liabilities as at 30 June 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2017, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.




KPMG Taseer Hadi & Co.

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.

Date: 23 August 2017

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

UBL Growth and Income Fund (Formerly United Growth and Income Fund)

Statement of Assets and Liabilities

As at 30 June 2017

	Note	30 June 2017	30 June 2016
(Rupees in '000)			
Assets			
Bank balances	5	2,891,184	887,280
Term deposit receipt	6	260,000	-
Investments	7	1,867,615	866,359
Fair value of derivative asset		2,090	-
Receivable against settlement of spread transactions		98,942	-
Receivable against margin trading system	8	358,681	-
Profits receivable	9	26,822	18,831
Advances, deposits, prepayments and other receivables	10	263,147	17,674
Advance tax	11	2,984	2,516
Placement	12	-	-
Property - held for sale	13	-	-
Total assets		5,771,465	1,792,660
Liabilities			
Payable to the Management Company	14	8,381	3,903
Payable to Central Depository Company of Pakistan Limited - Trustee	15	484	212
Payable to Securities and Exchange Commission of Pakistan	16	3,187	1,416
Accrued expenses and other payables	17	52,142	51,931
Total liabilities		64,194	57,462
Net assets		5,707,271	1,735,198
Unit holders' funds (as per the statement attached)		5,707,271	1,735,198
Contingency and commitments	25		
		(Number of units)	
Number of units in issue (face value of units is Rs. 100 each)		67,229,227	20,461,223
		(Rupees)	
Net asset value per unit		84.8927	84.8042

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

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

Chief Executive Officer

Chief Financial Officer

Director

UBL Growth and Income Fund (Formerly United Growth and Income Fund)

Income Statement

For the year ended 30 June 2017

	Note	30 June 2017	30 June 2016
(Rupees in '000)			
Income			
Financial income	18	255,024	165,823
Net gain on investments classified as 'at fair value through profit or loss'	19	26,094	67,601
Net capital (loss) / gain on sale and redemption of investments classified as 'available-for-sale'		(29,025)	60,579
Reversal of provision against Pre - IPO placement - net	7.4.1	9,722	5,833
Reversal of provision against debt securities - net	20	61,624	412
Other income		2,248	861
Total income		325,687	301,109
Expenses			
Remuneration of the Management Company	14.1	63,738	28,329
Provision for indirect duties and taxes	17.1	-	5,167
Sindh sales tax on the Management Company's remuneration	14.2	8,286	3,966
Remuneration of Central Depository Company of Pakistan Limited - Trustee	15	5,010	2,799
Annual fee of Securities and Exchange Commission of Pakistan	16	3,187	1,416
Settlement and bank charges		2,400	247
Auditors' remuneration	21	559	947
Legal and professional charges		1,488	75
Brokerage expenses		6,689	1,389
Allocation of expenses relating to the Fund	14.3	4,249	1,056
Listing fee		50	50
Other expenses		284	225
Total operating expenses		95,940	45,666
Net operating income for the year		229,747	255,443
Net element of loss and capital losses included in prices of units issued less those in units redeemed		(107,082)	(35,431)
Provision for Sindh Workers' Welfare Fund	17.2	(7,101)	-
Reversal of provision for Workers' Welfare Fund	17.2	19,151	-
		12,050	-
Net income for the year before taxation		134,715	220,012
Taxation	22	-	-
Net income for the year after taxation		134,715	220,012

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

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

Chief Executive Officer

Chief Financial Officer

Director

UBL Growth and Income Fund (Formerly United Growth and Income Fund)
Statement of Comprehensive Income
For the year ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees in '000)	
Net income for the year after taxation	134,715	220,012
Other comprehensive income:		
<i>Items that are or may be reclassified subsequently to income statement</i>		
Net unrealised appreciation on revaluation of investments classified as 'available-for-sale'	1,984	4,417
Appreciation on revaluation of investment classified as 'available for sale' reclassified to income statement on disposal	(23)	(42,492)
<i>Total items that are or may be reclassified subsequently to income statement</i>	1,961	(38,075)
Total comprehensive income for the year	136,676	181,937

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

For UBL Fund Managers Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

UBL Growth and Income Fund (Formerly United Growth and Income Fund)

Distribution Statement

For the year ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees in '000)	
Accumulated loss brought forward comprises of:		
- Realised loss	(485,217)	(599,111)
- Unrealised income	4,130	2,014
Accumulated loss brought forward	(481,087)	(597,097)
Net income for the year after taxation	134,715	220,012
Distribution to unit holders' of the Fund:		
Interim cash distribution at the rate of Rs. 5.65 per unit declared on 19 June 2017 (27 June 2016: Rs. 6 per unit)	(130,725)	(104,002)
Accumulated loss carried forward	(477,097)	(481,087)
Accumulated loss carried forward comprises of:		
- Realised loss	(491,263)	(485,217)
- Unrealised income	14,166	4,130
Accumulated loss carried forward	(477,097)	(481,087)

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

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

Chief Executive Officer

Chief Financial Officer

Director

UBL Growth and Income Fund (Formerly United Growth and Income Fund)
Statement of Movement in Unit Holders' Funds

For the year ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees in '000)	
Net assets at beginning of the year	1,735,198	3,384,235
Proceeds from issuance of 144,460,348 units during the year (30 June 2016: 30,602,581 units)	12,537,712	2,624,333
Payments on redemption of 97,692,344 units during the year (30 June 2016: 51,924,495 units)	(8,678,672)	(4,386,736)
	3,859,040	(1,762,403)
	5,594,238	1,621,832
Net element of loss and capital losses included in prices of units issued less those in units redeemed	107,082	35,431
Net realized (loss) / gain on redemption and sale of investments	(14,558)	63,471
Net gain from spread transactions	26,486	-
Net unrealized gain on revaluation of investments classified as 'at fair value through profit or loss'	12,076	4,130
Unrealised appreciation on derivatives financial instruments	2,090	-
Net unrealised surplus during the year in the value of available-for-sale investments	1,984	4,417
Surplus on revaluation of investment classified as 'available for sale' transferred to income statement on disposal	(23)	(42,492)
Other net income for the year	108,621	152,411
Distribution during the year	(130,725)	(104,002)
Net income for the year less distribution	5,951	77,935
Net assets at end of the year	5,707,271	1,735,198
	(Rupees)	
Net asset value per unit at beginning of the year	84.8042	80.9952
Net asset value per unit at end of the year	84.8927	84.8042

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

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

Chief Executive Officer

Chief Financial Officer

Director

UBL Growth and Income Fund (Formerly United Growth and Income Fund)

Cash Flow Statement

For the year ended 30 June 2017

	30 June 2017	30 June 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	134,715	220,012
Adjustments for non cash and other items:		
Financial income	(255,024)	(166,684)
Net gain on investments classified as 'at fair value through profit or loss'	(26,094)	(67,601)
Net capital loss / (gain) on sale of investments classified as available-for-sale	29,025	(60,579)
Reversal of provision against Pre - IPO placement - net	(9,722)	(5,833)
Reversal of provision against debt securities - net	(61,624)	(412)
Provision for indirect duties and taxes	-	5,167
Provision for Sindh Workers' Welfare Fund	7,101	-
Reversal of provision for Workers' Welfare Fund	(19,151)	-
Net element of loss and capital losses included in prices of units issued less those in units redeemed	107,082	35,431
	(228,407)	(260,511)
Net cash used in operations before working capital changes	(93,692)	(40,499)
Working Capital Changes		
<i>(Increase) / decrease in assets</i>		
Investment	(1,291,651)	1,728,637
Application money for subscription of TFCs	-	215,000
Advances, deposits, prepayments and other receivables	(245,473)	(13,498)
Advance tax	(468)	(2,125)
Receivable against settlement of spread transactions	(98,942)	-
	(1,636,534)	1,928,014
<i>Increase / (decrease) in liabilities</i>		
Payable to the Management Company	4,478	(1,319)
Payable to Central Depository Company of Pakistan Limited - Trustee	272	(114)
Payable to Securities and Exchange Commission of Pakistan	1,771	(1,348)
Accrued expenses and other payables	12,261	5,815
	18,782	3,034
Profits received during the year	247,033	272,386
Net cash (used in) / generated from operating activities	(1,464,411)	2,162,935
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	12,537,712	2,624,333
Payments on redemption of units	(8,678,672)	(4,386,736)
Cash distribution to unit holders	(130,725)	(104,002)
Net cash generated from / (used in) financing activities	3,728,315	(1,866,405)
Net increase in cash and cash equivalents	2,263,904	296,530
Cash and cash equivalents at beginning of the year	887,280	590,750
Cash and cash equivalents at end of the year	3,151,184	887,280
CASH AND CASH EQUIVALENTS		
Bank balances	2,891,184	887,280
Term deposit receipt	260,000	-
	3,151,184	887,280

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

For UBL Fund Managers Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

UBL Growth and Income Fund (Formerly United Growth and Income Fund)

Notes to the Financial Statements

For the year ended 30 June 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

UBL Growth and Income Fund (Formerly United 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 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, Beamont road, Civil lines, Karachi.

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.

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.

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

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) , the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008) and directives issued by the SECP. Wherever, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, 2008 and the said directives differ with the requirements of these Standards, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations, 2008 and the said directives shall prevail (refer note 3.4).

3. BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention, except that certain financial assets that have been carried at fair values in accordance with the requirements of International Accounting Standard (IAS) 39.

3.2 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.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the Management Company to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable in the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- (a) Classification and valuation of financial assets (note 4.1.1, 4.1.4, 7 & 27)
- (b) Impairment of assets (note 4.1.5)

3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The

new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 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 above amendments are not likely to have an impact on the Fund's financial statements.

- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 01 July 2017

requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. The application of Companies Act 2017 is not likely to have financial impact on the Fund's financial statements except extended disclosures.

- SECP through SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The amendments require additional disclosures and recording of element of income / loss included in price of unit issued or redeemed in Statement of Movements in Reserves or Unit holders' Fund instead of Income Statement. The SRO also deleted 'Distribution Statement' and its contents along with certain additional break-ups and disclosures to be included on the face of 'Income Statement' and 'Statement of Movements in Reserves or Unit holders' Fund'.

Further, new amendments changed the definition of accounting income in regulation (63) sub-regulation (I) which is now to be determined after taking into account the element of income / loss relating to the redemption of units. This change will be applied prospectively and may affect the charge for Sindh Workers' Welfare Fund (SWWF) and consequently, the Net Asset Value per unit of the Fund in future.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Financial assets

4.1.1 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 and re-evaluates this classification on a regular basis. 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 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 held for trading.

b) Available-for-sale financial assets

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.

4.1.2 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 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.

4.1.3 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.

4.1.4 Subsequent measurement

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

'Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

Basis of valuation of debt securities

Investment in debt securities are valued at the rates determined and notified by Mutual Funds Association of Pakistan (MUFAP) as per the methodology prescribed by 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.

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.

Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

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.

4.1.5 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 reclassified from the statement of comprehensive income 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.

4.1.6 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

4.2 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.

4.3 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.

4.4 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.

4.5 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.

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

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

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) held in the unitholder's funds in a separate account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

4.8 Provisions

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

4.10 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.

4.11 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.

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 amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is 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 every year.

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.

4.12 Revenue recognition

- Capital 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 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.
- Unrealised gains / (losses) arising on the revaluation of the derivative financial instruments to their fair values are taken to the Income Statement currently.
- Element of income / (loss) and capital gains/(losses) included in prices of units issued less those in units redeemed is included in income statement on the date of issue and redemption of units.
- Income on debt and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by SECP for which the profits are recorded on cash basis.
- Profit on savings and term deposits is recognised taken into account the effective yield.

4.13 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.

4.14 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, the determination of weighted average units for calculating EPU is not practicable.

4.15 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 and 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 and other purposes.

4.16 Dividend distribution and appropriations

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

4.17 Other assets

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

5. BANK BALANCES	Note	30 June 2017	30 June 2016
		(Rupees in '000)	
In current accounts	5.1	50	50
In saving accounts	5.2	2,891,134	887,230
		<u>2,891,184</u>	<u>887,280</u>

5.1 This represents balance with United Bank Limited, Holding Company of Management Company.

5.2 These carry profit rates ranging from 3.75% to 7.25% (30 June 2016: 4% to 8%) per annum. This includes balance with United Bank Limited of Rs. 16.285 million (30 June 2016: 400.185 million) carrying profit rates of 3.75% to 4% (30 June 2016: 4%) per annum.

6. TERM DEPOSIT RECEIPT

Commercial bank	6.1	<u>260,000</u>	<u>-</u>
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6.1 It carries profit rate of 6.65% per annum and will mature on 23 August 2017.

7. INVESTMENTS

Designated at fair value through profit or loss

- Investments in debt securities			
- Quoted	7.1	233,511	278,084
- Unquoted	7.1	671,364	264,580
- Government securities	7.2	251,675	269,997
- Quoted equity securities (spread transactions)	7.3	470,160	-
		<u>1,626,710</u>	<u>812,661</u>
- Pre-IPO placements	7.4	-	-
		<u>1,626,710</u>	<u>812,661</u>

Available-for-sale

- Investments in debt securities			
- Quoted	7.5	-	-
- Unquoted	7.5	-	10,023
- Preference shares	7.7	-	-
- Quoted equity security	7.8	45,658	43,675
- Commercial paper	7.9	195,247	-
		<u>240,905</u>	<u>53,698</u>
		<u>1,867,615</u>	<u>866,359</u>

7.1 Designated at fair value through profit or loss - Investment in debt securities (term finance certificates and sukuk certificates of Rs.5,000 each, unless otherwise stated)

Name of Investee Company	Note	As at 01 July 2016	Purchased / acquired during the year	Sold / matured during the year	Written off during the year	As at 30 June 2017	Carrying value as at 30 June 2017	Market value as at 30 June 2017	Market value as at 30 June 2016	Percentage of total investment	Percentage of net assets
		----- (Number of certificates) -----					----- (Rupees in '000) -----				
Quoted											
Textile composite											
Azgard Nine Limited - TFC (20-09-05)	7.5.1	1,000	-	-	-	1,000	-	-	-	-	-
Technology and communication											
Telecard Limited - TFC (27-05-05)	7.5.2	5,000	-	(5,000)	-	-	-	-	-	-	-
Commercial banks											
NIB Bank Limited - TFC (20-06-14)		21,300	-	-	-	21,300	106,220	107,818	106,242	5.77%	1.89%
Bank Alfalah Limited - TFC (20-02-13)		10,100	-	-	-	10,100	51,445	51,859	51,452	2.78%	0.91%
Soneri Bank Limited - TFC (08-07-15)		23,000	-	(10,000)	-	13,000	63,851	66,843	113,013	3.58%	1.17%
							221,516	226,520	270,707	12.13%	3.97%
Fertilizer											
Engro Corporation Limited - Sukuk (10-07-14) 3 years		890	-	-	-	890	4,684	4,474	4,684	0.24%	0.08%
Power generation and distribution											
K-Electric Limited - TFC (13-08-12) 5 years		500	-	-	-	500	2,690	2,517	2,693	0.13%	0.04%
Total quoted securities							228,890	233,511	278,084	12.5%	4.09%
Unquoted											
Textile composite											
Azgard Nine Limited - PP (04-12-07)	7.5.1	7,000	-	-	-	7,000	-	-	-	-	-
Household goods											
New Allied Electronics Industries Limited - TFC (15-05-07)	7.5.3	18,000	-	-	-	18,000	-	-	-	-	-
New Allied Electronics Industries Limited - Sukuk - (03-12-07)	7.5.3	10,000	-	-	-	10,000	-	-	-	-	-
							-	-	-	-	-
Commercial banks											
Bank Al-Habib Limited - TFC (17-03-16)		17,000	20,200	-	-	37,200	185,011	188,805	82,570	10.11%	3.31%
JS Bank Limited - TFC (14-12-16)		-	48,000	-	-	48,000	239,952	241,713	-	12.94%	4.24%
Standard Chartered Bank - TFC (29-06-12)		3,300	8,300	(3,300)	-	8,300	41,604	41,604	16,537	2.23%	0.73%
Habib Bank Limited - TFC (19-02-16)*		-	500	-	-	500	49,980	50,105	-	2.68%	0.88%
							516,547	522,227	99,107	27.96%	9.16%
Fertilizer											
Engro Fertilizer Limited - Sukuk (09-07-14)		3,600	-	-	-	3,600	14,923	14,880	17,255	0.80%	0.26%
Chemical											
Ghani Gases Limited - Sukuk (02-02-17)*		-	750	(250)	-	500	47,917	48,396	-	2.59%	0.85%
Electricity											
WAPDA - TFC (27-09-13)		25,000	-	(5,000)	-	20,000	64,287	64,832	98,218	3.47%	1.14%
Leasing companies											
Security Leasing Corporation Limited - Sukuk (01-06-07) - I	7.5.4	12,000	-	-	(12,000)	-	-	-	-	-	-
Security Leasing Corporation Limited - Sukuk (19-09-07) - II	7.5.5	5,000	-	-	-	5,000	-	-	-	-	-
							-	-	-	-	-
Cable and electrical goods											
TPL Trakker Limited - Sukuk (13-04-16) **		50	-	(30)	-	20	20,000	21,029	50,000	1.13%	0.37%
Total unquoted securities							663,674	671,364	264,580	35.95%	11.78%
							892,564	904,875	542,664	48.45%	15.87%

* The nominal value of these TFCs and Sukuks are Rs. 100,000 each.

** The nominal value of these Sukuks are Rs. 1,000,000 each.

7.2 Designated at fair value through profit or loss - Government securities (face value of Rs. 100,000 each)

Name of security	Note	(Rupees in '000)						Market value as at 30 June 2017	Market value as at 30 June 2016	Percentage of total investment	Percentage of net assets
		As at 01 July 2016	Purchased during the year	Sold / matured during the year	As at 30 June 2017	Carrying value as at 30 June 2017	Market value as at 30 June 2017				
Pakistan Investment Bonds - 3 years		-	6,750	(6,750)	-	-	-	-	-	-	
Pakistan Investment Bonds - 5 years		-	2,500	(2,500)	-	-	-	-	-	-	
Pakistan Investment Bonds - 10 years		2,500	5,000	(7,500)	-	-	269,997	-	-	-	
Treasury Bills - 3 months		-	76,400	(76,400)	-	-	-	-	-	-	
Treasury Bills - 6 months		-	68,730	(68,730)	-	-	-	-	-	-	
Treasury Bills - 1 year		-	165,000	(165,000)	-	-	-	-	-	-	
Ijarah Sukuk	7.2.1	-	2,500	-	2,500	250,000	251,675	269,997	13.48%	4.41%	
						<u>250,000</u>	<u>251,675</u>	<u>269,997</u>	<u>13.48%</u>	<u>4.41%</u>	

7.2.1 These Ijarah sukuk certificates have face value of Rs. 250 million and were issued in June 2017. These carry fixed profit rate of 5.24% per annum, receivable semi-annually in arrears and will mature in June 2020. These sukuk certificates carry the sovereign guarantee of the Government of Pakistan and are redeemable in full on maturity. As at 30 June 2017, profit at 5.24% (30 June 2016: Nil) per annum was due on these sukuk certificates.

7.3 Quoted equity securities (spread transactions)

7.3.1 Quoted equity securities

Name of investee company	As at 1 July 2016	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at 30 June 2017	Cost / Carrying value as at 30 June 2017	Market value as at 30 June 2017	Appreciation / (Diminution) as at 30 June 2017	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
Insurance											
Adamjee Insurance Company Limited	-	252,500	-	(252,500)	-	-	-	-	-	-	-
Engineering											
Amreli Steels Limited	-	409,500	-	(409,500)	80,000	10,353	10,231	(122)	0.18%	0.55%	0.02%
International Steels Limited	-	1,943,000	-	(1,863,000)	80,000	10,353	10,231	(122)	0.18%	0.55%	0.02%

Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.

Name of investee company	As at 1 July 2016	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at 30 June 2017	Carrying Cost as at 30 June 2017	Market value as at 30 June 2017	Appreciation / (Diminution) as at 30 June 2017	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company	(Rupees in '000)	
												(Number of shares)	
Cable and electrical goods													
Pak Eleknron Limited	-	3,443,000	-	(2,724,000)	719,000	79,768	79,320	(448)	1.39%	4.25%	0.14%		
TPL Trakker Limited	-	188,000	-	(188,000)	-	-	-	-	-	-	-		
						79,768	79,320	(448)	1.39%	4.25%	0.14%		
Fertilizer													
Engro Fertilizers Limited	-	1,567,500	-	(1,525,500)	42,000	2,338	2,320	(18)	0.04%	0.12%	0.00%		
Engro Corporation Limited	-	170,500	-	(167,000)	3,500	1,152	1,141	(11)	0.02%	0.06%	0.00%		
Fatima Fertilizer Company Limited	-	280,000	-	(280,000)	-	-	-	-	-	-	-		
Fauji Fertilizer Bin Qasim Limited	-	683,500	-	(660,000)	23,500	991	1,007	16	0.02%	0.05%	0.00%		
Fauji Fertilizer Company Limited	-	604,000	-	(272,000)	332,000	27,831	27,436	(395)	0.48%	1.47%	0.03%		
						32,312	31,904	(408)	0.56%	1.70%	0.03%		
Technology and communication													
Pakistan Telecommunication Company Limited	-	128,000	-	(128,000)	-	-	-	-	-	-	-		
TRG Pakistan Limited	-	220,000	-	(220,000)	-	-	-	-	-	-	-		
Power generation and distribution													
K-Electric Limited*	-	2,388,500	-	(1,005,500)	1,383,000	9,472	9,543	71	0.17%	0.51%	0.01%		
Hub Power Company Limited	-	172,500	-	(156,500)	16,000	1,907	1,879	(28)	0.03%	0.10%	0.00%		
Kot Addu Power Company Limited	-	531,000	-	(527,000)	4,000	288	288	-	0.01%	0.02%	0.00%		
						11,667	11,710	43	0.21%	0.63%	0.01%		
Cement													
Cherat Cement Company Limited	-	72,500	-	(72,500)	-	-	-	-	-	-	-		
D.G. Khan Cement Company Limited	-	480,500	-	(354,000)	126,500	26,738	26,965	227	0.47%	1.44%	0.03%		
Fauji Cement Company Limited	-	942,000	-	(749,500)	192,500	7,994	7,898	(96)	0.14%	0.42%	0.01%		
Maple Leaf Cement Factory Limited	-	672,500	-	(592,000)	80,500	9,008	8,964	(44)	0.16%	0.48%	0.02%		
Pioneer Cement Limited	-	153,500	-	(153,500)	-	-	-	-	-	-	-		
Power Cement Limited	-	864,500	-	(833,500)	31,000	415	415	-	0.01%	0.02%	0.01%		
						44,155	44,242	87	0.78%	2.36%	0.07%		
Refinery													
Attock Refinery Limited	-	760,500	-	(551,500)	209,000	80,300	79,959	(341)	4.30%	4.28%	0.25%		
Commercial banks													
Askari Bank Limited	-	2,152,000	-	(2,040,500)	111,500	2,249	2,249	-	0.12%	0.12%	0.01%		
Bank Alfalah Limited	-	361,500	-	(326,500)	35,000	1,401	1,407	6	0.08%	0.08%	0.00%		
Bank of Punjab Limited	-	2,251,000	-	(1,114,000)	1,137,000	13,269	13,394	125	0.71%	0.72%	0.07%		
Faysal Bank Limited	-	110,000	-	(73,500)	36,500	821	821	-	0.04%	0.04%	0.00%		
Habib Bank Limited	-	19,500	-	(19,500)	-	-	-	-	-	-	-		
MCB Bank Limited	-	24,500	-	(24,500)	-	-	-	-	-	-	-		
National Bank of Pakistan	-	1,829,500	-	(1,781,500)	48,000	2,833	2,832	(1)	0.15%	0.15%	0.00%		
						20,573	20,703	130	1.10%	1.11%	0.08%		

Name of investee company	As at 1 July 2016	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at 30 June 2017	Carrying Cost as at 30 June 2017	Market value as at 30 June 2017	Appreciation / (Diminution) as at 30 June 2017	Market value as percentage of net assets	Market value as percentage of total investments	Par value as percentage of issued capital of the investee company
(Rupees in '000)											
Oil and gas marketing companies											
Pakistan State Oil Company Limited	-	355,000	-	(116,500)	238,500	92,435	92,383	(52)	4.95%	4.95%	0.09%
Food and personal care products											
Engro Foods Limited	-	746,000	-	(639,000)	107,000	13,268	12,999	(269)	0.71%	0.70%	0.01%
Oil and gas exploration companies											
Oil and Gas Development Company	-	682,000	-	(237,000)	445,000	63,110	62,607	(503)	3.38%	3.35%	0.01%
Pakistan Oilfields Limited	-	48,000	-	(48,000)	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	58,000	-	(58,000)	-	-	-	-	-	-	-
						63,110	62,607	(503)	3.38%	3.35%	0.01%
Textile composite											
Nishat (Chunian) Limited	-	978,000	-	(865,500)	112,500	5,665	5,774	109	0.30%	0.31%	0.05%
Nishat Mills Limited	-	492,000	-	(376,500)	115,500	18,484	18,328	(156)	0.99%	0.98%	0.03%
Pakistan Petroleum Limited	-	58,000	-	(58,000)	-	-	-	-	-	-	-
						24,149	24,102	(47)	1.29%	1.29%	0.08%
Total - 30 June 2017						472,090	470,160	(1,930)	18.85%	25.17%	0.79%
Total - 30 June 2016						-	-	-	-	-	-

* Par value of Rs. 3.5 each

7.3.1.1 The investment in equity securities represents spread transactions entered into by the Fund. The Fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day, resulting in spread income / (loss) due to difference in ready and future stock prices.

7.4 Pre-IPO placements

	Note	30 June 2017	30 June 2016
Dewan Cement Limited Provision	7.4.1	83,611	93,333
		(83,611)	(93,333)
		-	-

7.4.1 This represents Pre-IPO disbursement to Dewan Cement Limited (the company) made on 14 January 2008, at a profit rate of 6 month KIBOR plus 2% per annum on the date of disbursement i.e. 12.04% per annum. 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. The Management Company decided to suspend mark-up on this investment from 29 October 2008 and has recorded full provision against this investment (including principal and interest) in accordance with the Circular No. 01 of 2009 (as amended by circular 33 of 2012), issued by SECP.

Till 30 June 2017, the company has paid Rs. 30.55 million including Rs. 13.89 million received during the year, accordingly provision of Rs. 21.39 million has been reversed including Rs. 9.72 million pertaining to current year.

**7.5 Available-for-sale - Investment in debt securities
(Term Finance Certificates and sukuk certificates of Rs.5,000 each)**

Name of Investee Company	Note	As at 01 July 2016	Purchased during the year	Sold / matured during the year	Written off during the year	As at 30 June 2017	Carrying value as at 30 June 2017	Market value as at 30 June 2017	Market value as at 30 June 2016	Percentage of total investment	Percentage of net assets	----- (Rupees in '000) -----		
												(Number of certificates)		
Quoted														
Textile composite														
Azgard Nine Limited - TFC (20-09-05)	7.5.1	21,150	-	-	-	21,150	-	-	-	-	-	-		
Azgard Nine Limited - TFC (17-05-10)	7.5.1	10,000	-	-	-	10,000	-	-	-	-	-	-		
Investment banks														
Trust Investment Bank Limited - TFC (04-07-08)	7.5.6	23,877	-	-	-	23,877	-	-	-	-	-	-		
Technology and communication														
Worldcall Telecom Limited - TFC (07-10-08)	7.5.7	5,145	-	(5,145)	-	-	-	-	-	-	-	-		
Telecard Limited - TFC (27-05-05)	7.5.2	5,000	-	(5,000)	-	-	-	-	-	-	-	-		
Total quoted securities													-	-

Name of Investee Company	Note	As at 01 July 2016	Purchased during the year	Sold / matured during the year	Written off during the year	As at 30 June 2017	Carrying value as at 30 June 2017	Market value as at 30 June 2017	Market value as at 30 June 2016	Percentage of total investment	Percentage of net assets
			(Number of certificates)				(Rupees in '000)				
Unquoted											
Household goods											
New Allied Electronics Industries - TFC (15-05-07)	7.5.3	13,000	-	-	-	13,000	-	-	-	-	-
Commercial banks											
Standard Chartered Bank - TFC (29-06-12)		2,000	-	(2,000)	-	-	-	-	10,023	-	-
Chemicals											
Agritech Limited - PP (14-01-08)	7.5.8	157,000	-	(10,000)	-	147,000	-	-	-	-	-
Agritech Limited - PP (30-11-07)	7.5.8	58,000	-	-	-	58,000	-	-	-	-	-
Agritech Limited - Sukuk (06-08-08)	7.5.8	3,800	-	-	-	3,800	-	-	-	-	-
Agritech Limited - Sukuk (01-07-11)	7.5.9	36,267	-	-	-	36,267	-	-	-	-	-
Textile composite											
Azgard Nine Limited - PP (04-12-07)	7.5.1	33,000	-	-	-	33,000	-	-	-	-	-
Azgard Nine Limited - (28-06-12) - [Zero Coupon]	7.5.10	20,476	-	-	-	20,476	-	-	-	-	-
Leasing companies											
Security Leasing Corporation Limited - Sukuk (01-06-07) - I	7.5.4	12,000	-	-	(12,000)	-	-	-	-	-	-
Security Leasing Corporation Limited - Sukuk (19-09-07) - II	7.5.5	15,000	-	-	-	15,000	-	-	-	-	-
Security Leasing Corporation Limited - PP (28-03-06)	7.5.11	19,000	-	-	-	19,000	-	-	-	-	-
Total unquoted securities									10,023		
Total available for sale debt securities											
									10,023		

- 7.5.1** This represents investment aggregating to Rs. 111.04 million. These term finance certificates have been declared non-performing by MUFAP since 19 May 2010 and no interest is being accrued thereafter. Accordingly, these have been fully provided by the Fund.

On 12 April 2012, a share transfer and debt swap agreement was entered into between the Financial Institutions and Azgard Nine Limited (the issuer), whereby the issuer agreed to transfer its entire holding in Agritech Limited to the existing lenders / creditors, including the Term Finance Certificate (TFC) holders at the agreed settlement price of Rs. 35 per share, in partial settlement of the outstanding principal / redemption obligations. As part of the above stated arrangement, the Fund had received 5,084,430 ordinary shares of Agritech Limited against the partial settlement of its outstanding exposure (refer note 7.8).

As per the terms of the Share Transfer and Debt Swap Agreement, Agritech Limited shares shall be held by the respective trustees for the TFC issues in their name for and on behalf of the TFC Holders who shall be the beneficial owners of the subjected shares in proportion to their holdings.

The Trustees for the TFC issue are authorized pursuant to shareholders investors agreement to hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer. During the lock in period of five years, shares can be sold to an outside buyer subject to a prior written approval of the investors, however, no such approval is required for inter financier sale.

- 7.5.2** This represents investment aggregating to Rs.11.472 million. These term finance certificates were classified as non-performing by MUFAP on 13 June 2011 and fully provided by the management in accordance with Circular 1 of 2009 (as amended by circular 33 of 2012) and no further interest has been accrued thereafter.

During the year the Fund recovered 0.718 million from the issuer of security. Further, these Term Finance Certificates were disposed off at an amount of Rs. 2.92 million.

- 7.5.3** This represents investment aggregating to Rs. 66.16 million against which the investee company had not made payments at the contractual dates in the year ended 30 June 2009. As of the balance sheet date, the above Sukuks are classified as non-performing by MUFAP. Accordingly the management has provided for the said sukuk certificates in full in accordance with Circular 1 of 2009 (as amended by circular 33 of 2012) and no further interest has been accrued thereafter.

- 7.5.4** In 2014, Security Leasing Corporation Limited (SLCL) defaulted in the payments due on 19 July 2014 as per revised restructuring agreement schedule and accordingly the exposure of the Fund in sukuk certificates was fully provided as per the requirement of SECP Circular 33 of 2012.

Further SLCL requested vide letter dated 7 April 2016 for full and final settlement of its outstanding exposure at 10% of its face value. During the year, consent was received from majority financiers (cumulatively holding 58% of total outstanding amount) on the proposed terms of SLCL, the Fund received an amount of Rs. 3.081 million representing 10% of outstanding principal amount.

7.5.5 This represents investment aggregating to Rs. 22.09 million. In 2012, Security Leasing Corporation Limited entered into revised restructuring agreement with Sukuk holders (effective from 30 November 2012) and the security was accordingly classified as performing by MUFAP. However, the issuer defaulted in the payments due on 19 July 2014 as per revised repayment schedule and accordingly the exposure of the Fund in sukuk certificates was fully provided as per the requirement of SECP Circular 33 of 2012.

7.5.6 This represents investment aggregating to Rs. 44.499 million. These term finance certificates were classified as non performing debt security on default of coupon payment by its issuer due on 04 July 2012. In accordance with the circular 33 of 2012 issued by SECP, the Fund has recognised full provision against the principal and suspended further accrual of mark-up there against.

7.5.7 This represents investment aggregating to Rs. 10.958 million. The issuer defaulted in payment of mark-up due on 7 December 2013 as per revised restructuring terms. Accordingly, the Fund recognised full provision against the principal and mark-up in accordance with circular 33 of 2012.

During the year, the above investment was disposed off at an amount of Rs. 1.455 million.

7.5.8 This represents investment aggregating to Rs. 865.688 million against which the investee company had not made payments at the contractual date. Consequently, the term finance certificates and sukuku were classified as non performing by MUFAP on 29 June 2010 and 23 August 2010 respectively in accordance with Circular 1 of 2009, mark-up income subsequently was suspended thereafter.

In 2011, a restructuring agreement was signed between Agritech Limited and the Investment Agent of the term finance certificates and sukuku, whereby, certain terms included in the original trust deed were amended including the repayment period. However, the investee company defaulted on the payment due on the restructured date. Accordingly, the management has provided for the said term finance certificates and sukuku in accordance with circular 33 of 2012 issued by SECP.

During the year, a part of the investment was disposed off at an amount of Rs. 21.483 million.

7.5.9 This represents investment in additional certificates issued by the company against overdue profit upto 31 July 2011 on the term finance certificates. The Fund maintains full provision against the said investment.

7.5.10 These zero coupon privately placed term finance certificates (PPTFCs) were issued against the interest receivable on TFCs of Azgard Nine Limited. As these PPTFCs were issued against the mark-up outstanding on non performing securities therefore are carried at nil value in the books of the Fund. These PPTFCs are to be redeemed in seven equal semi-annual instalments starting from 31 March 2014 and will mature on 31 March 2017. These PPTFCs have been classified as Non Performing Asset by MUFAP on 07 December 2012.

7.5.11 This represents investments aggregating to Rs. 10.261 million. In 2011, Security Leasing Corporation Limited entered into revised restructuring agreement with Sukuk holders (effective from 29 February 2012) and accordingly the security was classified as performing by MUFAP. However, the issuer defaulted in the payments due on 29 July 2014 as per revised repayment schedule and accordingly the exposure of the Fund in sukuk certificates was fully provided as per the requirement of SECP Circular 33 of 2012.

7.6	Provision for impairment	Note	30 June 2017	30 June 2016
			(Rupees in '000)	
	Designated at fair value through profit or loss - quoted			
	Azgard Nine Limited - (20-09-05)		1,026	1,026
	Telecard Limited - (27-05-05)	7.5.2	-	5,736
			1,026	6,762
	Designated at fair value through profit or loss - unquoted			
	New Allied Electronics Industries - (15-05-07)		18,094	18,094
	New Allied Electronics Industries - Sukuk (03-12-07)		35,000	35,000
	Azgard Nine Limited - (04-12-07)		10,579	10,579
	Security Leasing Corporation Limited - Sukuk (01-06-07) - I	7.5.4	-	5,389
	Security Leasing Corporation Limited - Sukuk (19-09-07) - II		5,577	5,577
			69,250	74,639
	Available-for-sale debt securities - quoted			
	Azgard Nine Limited - (20-09-05)		21,702	21,702
	Azgard Nine Limited - (17-05-10)		27,863	27,863
	Trust Investment Bank Limited - (04-07-08)		44,499	44,499
	Worldcall Telecom Limited - (07-10-08)	7.5.7	-	10,058
	Telecard Limited - (27-05-05)	7.5.2	-	5,736
			94,064	109,858
	Available-for-sale debt securities - unquoted			
	New Allied Electronics Industries - (15-05-07)		13,068	13,068
	Agritech Limited - (14-01-08)	7.5.8	558,988	597,015
	Agritech Limited - (30-11-07)		254,223	254,223
	Agritech Limited - Sukuk (06-08-08)		14,453	14,453
	Azgard Nine Limited - (04-12-07)		49,870	49,870
	Security Leasing Corporation Limited - Sukuk (01-06-07) - I	7.5.4	-	15,282
	Security Leasing Corporation Limited - Sukuk (19-09-07) - II		16,451	16,451
	Security Leasing Corporation Limited - PP TFC (28-03-06)		10,261	10,261
			917,314	970,623
			1,081,654	1,161,882

7.7 Investment in preference shares

Name of security	Note	As at 01 July 2016	Purchased during the year	Sold during the year	As at 30 June 2017	Carrying value as at 30 June 2017	Carrying value as at 30 June 2016	Percentage of total investment	Percentage of net assets
			(Number of shares)			(Rupees in '000)			
Quoted									
Azgard Nine Limited	7.7.1	200,000	-	-	200,000	-	-	-	-

7.7.1 These represent 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 30 September 2009 but due to default by the Company, management has made full provision of Rs. 0.85 million against the outstanding amount.

7.8 Quoted equity security (Ordinary shares having face value of Rs. 10 each)

Name of security	Note	As at 01 July 2016	Acquired / bonus shares received during the year	Disposed off during the year	As at 30 June 2017	Market value As at 30 June 2017	Market value As at 30 June 2016	Percentage of total investment	Percentage of net assets	Percentage of investee capital
			(Number of shares)			(Rupees in '000)				
Chemicals										
Agritech Limited	7.8.1	5,084,430	-	-	5,084,430	45,658	43,675	2.44%	0.80%	1.30%
Cost of available for sale quoted equity security before impairment						59,335	59,335			
Impairment						(19,931)	(19,931)			
Cost of available for sale quoted equity security after impairment						39,404	39,404			
Closing surplus on revaluation of investments						6,254	4,271			

7.8.1 This represents shares received in partial settlement against TFCs of Azgard Nine limited as more fully explained in Note 7.5.1. As per Circular 07 of 2009 an 'aggressive fixed income scheme' shall not invest in the equity securities, however, SECP vide its letter dated 16 January 2012 allowed exemption from this restriction in respect of shares of Agritech Limited and has instructed to value these shares as per applicable International Accounting Standards (IAS). Accordingly, the Fund has recorded the shares at prevailing market price.

7.9 Commercial paper	30 June 2017	30 June 2016
	(Rupees in '000)	
JS Global Capital Limited	97,289	-
Pak Electron Limited	97,958	-
	<u>195,247</u>	<u>-</u>

7.9.1 The nominal value of each instrument is Rs.100 million.

7.9.2 Significant terms and conditions of commercial paper outstanding as at 30 June 2017 are as follows:

Name of securities	Yield	Issue date	Maturity date
JS Global Capital Limited	7.91%	11-May-17	07-Nov-17
Pak Electron Limited	7.88%	12-Jan-17	09-Oct-17

7.10 Circular No. 16 dated 07 July 2010 issued by the SECP requires details of investments not compliant with the investment criteria specified for the category assigned to open-end collective investment schemes or the investment requirements of the constitutive documents of the Fund to be disclosed in the annual accounts of the Fund. The table below gives the details of such non compliant investments.

Name of non-compliant investment	Type of investment investment	Note	Value of investment before provision	Provision held / net impairment made	Value of investment after provision	% of net assets	% of gross assets
(Rupees in '000)							
Azgard Nine Limited	Preference shares	7.7	850	(850)	-	-	-
Agritech Limited	Quoted shares	7.8	65,589	(19,931)	45,658	0.80%	0.79%
Property - held for sale	Real estate	13	12,000	(12,000)	-	-	-

Disclosure of excess exposure (per issue) as at 30 June 2017

Name of investment	Exposure type	% of Issue	Limit	Excess
Trust Investment Bank Limited - (04-07-08)	Per issue	19.90%	10%	9.90%
Agritech Limited - (30-11-07)	Per issue	19.30%	10%	9.30%
Security Leasing Corporation Limited - PP (28-03-06)	Per issue	19.00%	10%	9.00%
New Allied Electronics Industries - (15-05-07)	Per issue	17.20%	10%	7.20%
Security Leasing Corporation Limited - Sukuk (19-09-07)	Per issue	13.30%	10%	3.30%
Agritech Limited - (14-01-08)	Per issue	11.40%	10%	1.40%

Disclosure of excess exposure (per entity) as at 30 June 2017

Name of investment	Exposure type	% of MTS	Limit	Excess
International Steel Limited	Per Entity	52.90%	20%	32.90%

7.11 Significant terms and conditions of debt securities held as at 30 June 2017 are as follows:

Name	Mark-up rate per annum	Maturity	Secured / unsecured	Details of security	Rating
Quoted					
Textile composite					
Azgard Nine Limited (20-09-05)	6 months KIBOR + 240 bps	20 September 2012	Secured	First pari passu charge on the present and future fixed assets of the company (excluding Land & Building) with 25% margin in favour of the Trustee.	None
Azgard Nine Limited (17-05-10)	1 year KIBOR + 100 bps (from 1 to 12 months)+100 bps	18 May 2013	Secured	First Pari Passu charge of upto 125% of the instrument over fixed assets of the company.	None
Commercial banks					
NIB Bank Ltd-TFC (20-06-14)	6 months KIBOR+ 115 bps	19 June 2022	Unsecured	-	A+
Bank Alfalah Ltd-TFC (20-02-13)	6 months KIBOR+ 125 bps	20 February 2021	Unsecured	-	AA-
Soneri Bank Limited - TFC (08-07-15)	6 months KIBOR+ 135 bps	08 July 2023	Unsecured	-	A+

Name	Mark-up rate per annum	Maturity	Secured / unsecured	Details of security	Rating
Fertilizer					
Engro Corporation - Sukuk (10-07-14)	13% fixed	11 July 2017	Secured	Subordinated floating charge created to ensure the investors have a claim on the present and future fixed assets of Engro after the claim of the senior debt provider is settled.	AA+
Investment banks					
Trust Investment Bank Limited (04-07-08)	6 months KIBOR+ 185 bps	04 July 2013	Unsecured	-	None
Power generation and distribution					
K-Electric Limited TFC (13-08-12) 5 years	15.50% Fixed	19 March 2019	Secured	The issue will be secured by First Pari Passu Charge and repaid from the receivables under the consumer bill collections from: a) Specific 250 (carved out) Corporate Customers - Approx. PKR 900mn/quarter b) Excess collection proceeds from specific 495 Corporate Customers being utilized for payments of all long term lenders under Collection Account held with UBL.	AA+
Unquoted					
Textile composite					
Azgard Nine Limited (4-12-07)	6 months KIBOR + 225 bps	04 December 2014	Secured	Ranking charge over present and future fixed assets. The ranking charge shall ensure the investors have a claim on fixed assets of ANL after the claim of the Senior Debt provider(s) is settled.	None
Household Goods					
New Allied Electronics Industries (Private) Limited (15-05-07)	3 months KIBOR + 300 bps	15 May 2011	Secured	Charge over stocks and receivables of the company created by way of hypothecation with a 25% margin. Mortgage deed over property (F-14 and F-15, Clifton) having a cushion of PKR 600 Million.	Withdraw
New Allied Electronics Industries (Private) Limited (NAEIL) - Sukuk (3-12-07)	3 months KIBOR+ 220 bps	03 December 2012	Secured	Ranking charge over all present and future fixed assets of NAEIL amounting to PKR 300 million.	Withdraw
Commercial banks					
Bank Al-Habib Limited - TFC (17-03-16)	7.29 % + Credit spread 1.36%	17 March 2016	Unsecured	-	AA
JS Bank Limited - TFC (14-12-16)	6 months KIBOR + 140 bps	14 December 2023	Unsecured	-	A+
Standard Chartered Bank - TFC (29-06-12)	6 month KIBOR + 75 bps	29 June 2022	Unsecured	-	AAA
Habib Bank Limited - TFC (19-02-16)	6 month KIBOR + 50 bps	19 February 2026	Unsecured	-	AAA
Fertilizer					
Engro Fertilizer Limited - Sukuk (09-07-14)	6 months KIBOR + 175 bps	19 July 2019	Secured	Subordinated floating charge created to ensure the investors have a claim on the present and future fixed assets of Engro after the claim of the senior debt provider is settled.	AA-
Chemical					
Ghani Gases Limited - Sukuk (03-02-17)	3 months KIBOR + 100 bps	2 February 2023	Secured	First pari passu charge over present and future fixed assets of the Company inclusive of a 20% Margin. The charge will be ranking at first, to be upgraded to first pari passu charge within 120 days.	A

Name	Mark-up rate per annum	Maturity	Secured / unsecured	Details of security	Rating
Agritech Limited (Formerly Pak American Fertilizers Limited) II – PP (14-01-08)	6 months KIBOR+ 175 bps	14 January 2015	Secured	Ranking pari passu charge over all present and future fixed assets of Agritech Limited amounting to issue Amount plus 25% margin. (To be upgraded, within ninety days from the date of issue, to First pari passu charge over all present and future fixed assets of Agritech Limited, covering the issue Amount along with applicable margin).	None
Agritech Limited (Formerly Pak American Fertilizers Limited) Sukuk (06-08-08)	6 months KIBOR+ 200 bps	06 August 2015	Secured	The Issue is to be secured by First Pari Passu Charge on the Company's present and future fixed assets equivalent to the Issue amount along with a 25% margin.	None
Agritech Limited (Formerly Pak American Fertilizers Limited) Sukuk (30-11-07)	6 months KIBOR+ 175 bps	29 November 2014	Secured	First ranking pari passu charge over all present and future fixed assets of Agritech Limited amounting to Issue Amount plus 25% margin.	None
Agritech Limited (Formerly Pak American Fertilizers Limited) - Sukuk (1-07-11)	11% fixed rate	28 April 2017	Unsecured	-	None
Electricity					
WAPDA - TFC (27-09-13)	6 month KIBOR + 100 bps	14 October 2021	Secured	Unconditional and irrevocable first demand guarantee of the President of Islamic Republic of Pakistan covering issue amount and profit payments; first charge on unencumbered WAPDA assets with 25% margin under sukuk arrangement. The assets will be decided in consultation with WAPDA will include but not limited to the Mangla / Terbela Turbines; and exclusive lien over debt payment account for the benefit of the investors.	Government guaranteed
Leasing companies					
Security Leasing Corporation Limited - Sukuk (19-09-07)	Nil	19 January 2022	Secured	First charge over specific leased assets and associated lease receivables with 25% security margin.	None
Cable and electrical goods					
TPL Trakker Limited - Sukuk (13-04-16)	1 year KIBOR + 300 bps	13 April 2021	Secured	Ranking charge worth of Rs. 625million on current and fixed assets (including existing and future assets).	A+

8. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

This represents the amount receivable under the margin trading of eligible quoted equity securities which are to be settled within maximum 60 days. The balance carries mark-up ranging from 7.5% to 13.99% (2016: Nil) per annum.

9. PROFITS RECEIVABLE

	30 June 2017	30 June 2016
	(Rupees in '000)	
Profits receivable on:		
- Bank balances	10,381	2,978
- Investments		
Term finance certificates and sukuk	12,682	11,598
Government securities	36	4,255
- Term deposit receipt	1,705	-
- Marginal trading system	2,018	-
	26,822	18,831

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	<i>Note</i>	30 June 2017	30 June 2016
(Rupees in '000)			
Security deposit with Central Depository Company of Pakistan Limited - Trustee		100	100
Security deposit with National Clearing Company of Pakistan Limited	<i>10.1</i>	74,500	-
Advance against National Clearing Company of Pakistan Limited exposure margin	<i>10.2</i>	186,658	5,450
Prepaid expenses		124	124
Receivable against issuance of units		1,765	12,000
		<u>263,147</u>	<u>17,674</u>

10.1 This includes deposit amounting to Rs. 71.5 million as cash margin for trading in ready market.

10.2 This represents deposit against the exposure margin against trade in term finance certificates, margin trading system and future market.

11. ADVANCE TAX

The income of the fund is exempt under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 and funds are exempt under clause 47(B) of ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue. During the year various withholding agents have deducted advance tax under section 151 of the Income Tax Ordinance, 2001. The management is confident that the same shall be refunded after filing return for Tax Year 2017.

12. PLACEMENT

Leasing company - unsecured	<i>12.1</i>	49,430	49,430
Provision for impairment		(49,430)	(49,430)
		<u>-</u>	<u>-</u>

12.1 This represents placement with a Leasing Company (the company). The Fund entered into a restructuring agreement with the company on 29 June 2012 whereby the outstanding amount was settled partly through transfer of 13 memberships of a club aggregating to Rs. 23.050 million (subsequently disposed off) whereas the remaining amount would be paid in 368 weekly instalments of Rs. 204,167 which commenced from 1 February 2012. As per the said agreement, no interest is payable on the outstanding balance by the company. The company defaulted on the weekly payment due on 7 July 2014. Accordingly, provision has been recorded against the remaining principal amount.

13. PROPERTY - HELD FOR SALE

Property - held for sale		12,000	12,000
Less : Provision for diminution in value of property		(12,000)	(12,000)
		<u>-</u>	<u>-</u>

This represents property acquired in a partial settlement of a placement with the leasing company under the settlement agreement dated 12 July 2012. The Securities and Exchange Commission of Pakistan vide its letter no. SCD/AMCW/MF/JD-VS/UGIF/324/2011 has provided 'no objection' for this settlement transaction. The Fund was required to dispose of the property within one year of the acquisition which has been further extended till 30 September 2017 by SECP vide its letter no. SCD/AMCW/UBLFML/499/2017 dated 30 March 2017.

However, as the management is facing difficulty in seeking buyer for the property at reasonable prices in present condition, it has recorded full provision against the carrying value of the property.

14. PAYABLE TO THE MANAGEMENT COMPANY	<i>Note</i>	30 June 2017	30 June 2016
(Rupees in '000)			
Management remuneration payable	<i>14.1</i>	6,457	2,057
Sindh Sales Tax on management remuneration	<i>14.2</i>	839	288
Payable against allocated expenses	<i>14.3</i>	902	1,056
Other payables		183	502
		8,381	3,903

14.1 As per regulation 61 of amended Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 1.5 % of average annual net assets in case of Aggressive Income Scheme. The management company charged remuneration at the rate of 1.5 percent per annum of the average daily net assets of the Fund during the year. The remuneration is paid to the Management Company on monthly basis in arrears.

14.2 Sindh Sales Tax has been charged at 13% (30 June 2016: 14%) on the management fee charged during the year.

14.3 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) upto a maximum of 0.1% per annum of the average annual net assets or the actual cost whichever is 25 November 2015.

15. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a monthly 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 2017 is as follows:

Net Assets	Tariff per annum
Up to Rs. 1 billion	Rs. 0.6 million or 0.17% per annum of Net Asset Value, whichever is higher
From Rs. 1 billion to Rs. 5 billion	Rs. 1.7 million plus 0.085% per annum of Net Asset Value exceeding Rs. 1 billion
On amount exceeding Rs. 5 billion	Rs. 5.1 million plus 0.07% per annum of Net Asset Value exceeding Rs. 5 billion

16. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Under the provisions of the NBFC Regulations 2008, whereby 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.

17. ACCRUED EXPENSES AND OTHER PAYABLES	Note	30 June 2017	30 June 2016
		(Rupees in '000)	
Provision for indirect duties and taxes	17.1	24,359	24,359
Provision for Sindh Workers' Welfare Fund	17.2	7,101	-
Provision for Workers' Welfare Fund	17.2	-	19,151
Withholding tax and zakat deducted at source		3,415	5,829
Brokerage payable		783	639
Auditors' remuneration payable		356	560
Custodian charges		83	83
Other payables		16,045	1,310
		<u>52,142</u>	<u>51,931</u>

17.1 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 has been applied effective 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 may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for decision.

Since the appeal is pending in the Honourable Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying amount payable in respect to FED for the period from 13 June 2013 to 30 June 2016 aggregating to Rs. 24.359 million (30 June 2016: Rs. 24.359 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Rs. 0.36 (30 June 2016: Rs. 1.19) per unit.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provisional sales tax. Accordingly, no FED is payable with effect from 1 July 2016.

17.2 Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended to 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. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court of Pakistan (SCP).

During the current year, the SCP vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment which are currently pending with the SCP.

Further, as a consequence of passage of 18th amendment to the Constitution, levy for WWF was also introduced by the Government of Sindh(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) dated August 2016 believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the mutual funds as they are not a Financial Institution as required under SWWF Act, 2014. 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) with effect from 12 January 2017.

The above decisions of MUFAP were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange on 12 January 2017. In response to the aforementioned letter, SECP vide its letter dated 1 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.

The Management Company has recognised SWWF charge for the period from 21 May 2015 to 30 June 2017, amounting to Rs. 7.101 million. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 0.11 per unit.

18. FINANCIAL INCOME	30 June 2017	30 June 2016
	(Rupees in '000)	
Profits on:		
- Bank balances	100,550	29,483
- Government securities	86,846	59,279
- Term finance and sukuk certificates	52,098	74,810
- Term deposit receipts	5,769	-
- Margin trading system	5,245	-
- Commercial papers	4,516	-
- Placements	-	2,251
	<u>255,024</u>	<u>165,823</u>

19. NET GAIN ON INVESTMENTS CLASSIFIED AS 'AT FAIR VALUE THROUGH PROFIT OR LOSS'	30 June 2017	30 June 2016
	(Rupees in '000)	
Net gain from spread transactions	26,486	-
Net unrealised gain on revaluation of investments	12,076	4,130
Unrealised appreciation on derivatives financial instruments	2,090	-
Net capital (loss) / gain on sale and redemption of investments	<u>(14,558)</u>	<u>63,471</u>
	<u>26,094</u>	<u>67,601</u>
20. REVERSAL OF PROVISION AGAINST DEBT SECURITIES - NET		
Reversal of provision against		
- Debt securities classified as 'available for sale'	55,349	323
- Debt securities classified as 'at fair value through profit or loss'	<u>6,275</u>	<u>89</u>
	<u>61,624</u>	<u>412</u>
21. AUDITORS' REMUNERATION		
Annual audit fee	200	433
Half yearly review fee	115	289
Fee for other certifications and services	130	94
Out of pocket expenses including Sindh Sales Tax	<u>114</u>	<u>131</u>
	<u>559</u>	<u>947</u>

22. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of part I of the Second Schedule of 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 in the form cash amongst the unit holders. 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 unrealized capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management has distributed at least 90% of the income earned by the Fund to the unit holders, accordingly no provision has been made in these financial statements.

23. TOTAL EXPENSE RATIO

In the current year, 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 (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended 30 June 2017 is 2.43% which include 0.45% representing government levy, Workers' Welfare Fund and SECP fee.

24. TRANSACTIONS WITH CONNECTED PERSONS/ RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al - Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under the common management or directorship, Central Depository Company of Pakistan Limited as trustee and custodian of the Fund, the directors and officers of the Management Company and unit holders holding 10% or more of the Fund's net assets.

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

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

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

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
(Rupees in '000)						
For the year ended 30 June 2017						
Transactions during the year						
Profit earned on bank balances	-	18,817	-	-	-	60
Bank charges	-	29	-	-	-	-
Units issued	328,000	1,267,631	-	-	27,499	1,201,200
Units redeemed	121,258	981,756	-	-	21,123	565,397
Purchase of securities	-	794,882	-	1,340,642	-	-
Sale of securities	-	258,681	-	845,461	-	-
Remuneration	63,738	-	5,010	-	-	-
Sales tax on management fee	8,286	-	-	-	-	-
Allocated expenses	4,249	-	-	-	-	-
Custody fee	-	-	146	-	-	-
Dividend paid	-	73,921	-	-	289	-
Balances held						
As at 30 June 2017						
Units held (number of units in '000)	2,475	13,215	-	-	76	7,597
Units held (amount in '000)	210,131	1,121,850	-	-	6,427	644,936
Bank balances *	-	152,868	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	7,296	-	484	-	-	-
Other payables	57	-	-	-	-	-
Sales load payable	126	-	-	-	-	-
Allocated expenses	902	-	-	-	-	-
Profit receivable - bank balances	-	1,123	-	-	-	-

* It carries profit rate of 7% per annum.

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
(Rupees in '000)						
For the year ended 30 June 2016						
Transactions during the year						
Profit earned on bank balances	-	10,545	-	-	-	60
Bank charges	-	5	-	-	-	-
Units issued	-	663,617	-	-	11,325	-
Units redeemed	-	3,204,564	-	-	-	-
Purchase of securities	-	1,069,915	-	726,124	-	-
Sale of securities	-	-	-	332,015	-	-
Remuneration	28,329	-	2,799	-	-	-
Sales tax on management fee	3,966	-	-	-	-	-
Allocated expenses	1,056	-	-	-	-	-
Custody fee	-	-	46	-	-	-
Dividend paid	-	52,489	-	-	86	-
Balances held						
As at 30 June 2016						
Units held (number of units in '000)	-	10,096	-	-	133	-
Units held (amount in '000)	-	856,183	-	-	11,279	-
Bank balances *	-	114,888	-	-	-	117
Securities	-	-	-	-	-	-
Remuneration payable	2,345	-	212	-	-	-
Other payables	24	-	-	-	-	-
Sales load payable	478	141	-	-	-	-
Allocated expenses	1,056	-	-	-	-	-
Profit receivable - bank balances	-	1,138	-	-	-	-

* It carries profit rate of 8% per annum.

25. CONTINGENCY AND COMMITMENTS

25.1 Contingency

As at 30 June 2017, there is no contingency.

25.2 Commitments	Note	30 June 2017	30 June 2016
		(Rupees in '000)	
Derivative future stock contracts	25.2.1	<u>475,735</u>	<u>-</u>

25.2.1 This represents investment in future contracts with settlement date of 01 August 2017.

26. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risks is the creation and protection of participants' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the internal controls set on different activities of the Fund by the Board of Directors through specific directives and constitutive documents. 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 high quality TFC's, Sukuks issued by financial sector institution, government securities and short term money market instruments. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

- Credit risk
- Liquidity risk
- Market risk

26.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from debt securities, bank balances and income receivable on bank deposits.

Management of credit risk

The Fund's policy to enter into financial contracts with reputable, diverse and creditworthy counterparties and wherever possible or deemed necessary obtain collaterals in accordance with internal risk management policies and investment guidelines designed for credit risk management. However, for testing an investment for impairment the management does not consider the value of collateral or other credit enhancements. The Investment Committee closely monitors the creditworthiness of the Fund's counterparties by reviewing their credit ratings, financial statements and press releases on a regular basis.

Exposure to credit risk

The Fund's maximum credit exposure (without taking into account collateral and other credit enhancement) at the balance sheet date is represented by the respective carrying amount of relevant

financial asset i.e. balances with banks, deposits with central clearing companies, investment in debt securities and other receivables in Statement of Assets and Liabilities.

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk at 30 June 2017 was as follows:

		30 June 2017		30 June 2016	
		Statement of Assets and Liabilities	Maximum exposure	Statement of Assets and Liabilities	Maximum exposure
		(Rupees in '000)		(Rupees in '000)	
Bank balances	5	2,891,184	2,891,184	887,280	887,280
Term deposit receipt		260,000	260,000	-	-
Investments	7	1,867,615	1,100,122	866,359	552,687
Fair value of derivative asset		2,090	-	-	-
Receivable against settlement of spread transactions		98,942	98,942	-	-
Receivable against margin trading system		358,681	358,681	-	-
Profits receivable	9	26,822	26,786	18,831	14,576
Advances, deposits, prepayments, and other receivables	10	263,147	263,023	17,674	17,550
Advance tax		2,984	-	2,516	-
		<u>5,771,465</u>	<u>4,998,738</u>	<u>1,792,660</u>	<u>1,472,093</u>

Differences in the balances as per the statement of assets and liabilities and maximum exposures is due to the fact that investments and income receivable of Rs. 772.727 million relate to government securities and investment in quoted equity security which do not carry credit risk.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. 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 on sale.

For the vast 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.

Balances with banks

As at 30 June 2017, the Fund kept surplus liquidity with the following banks having the following ratings.

Ratings	30 June 2017	30 June 2016
	Bank balances (including profit due)	Bank balances (including profit due)
(Percentage)		
A	-	-
AA+	34.75	45.11
A+	5.59	19.19
AAA	0.59	-
AA	3.54	35.21
AA-	55.53	0.46
A-	-	0.03
	<u>100.00</u>	<u>100.00</u>

Above rates are on the basis of available ratings assigned by PACRA, JCR-VIS and Moody's as at 30 June 2017. The investments in bank balances are unsecured.

Investment in fixed income securities

Investment in treasury bills, Pakistan investment bonds and Ijarah Sukuks do not expose the Fund to credit risk as the counter party to the investment is the Government of Pakistan and management does not expect to incur any credit loss on such investments.

Investment in debt securities

Credit risk on debt investments is mitigated by investing primarily in investment grade rated investments and purchase certificate of investments or make placements with financial institutions having sound credit rating. Where the investment is considered doubtful / becomes non-performing as per the criteria specified in Circular 33 of 2012 issued by SECP, a provision is recognised as per the criteria specified therein and also in accordance with provisioning policy of the Fund approved by Board of Directors of the Management Company. The management does not take into account the collateral value while considering investment for impairment testing. Hence the collateral held is assumed to have zero financial effect in mitigating credit risk. The management regards the credit worthiness of the borrower more important than the value of collateral and would be used as force majeure in extremely difficult situation where recovery is appeared to be unlikely from customary measures like restructuring or negotiations.

The analysis below summarises the credit quality of the Fund's investment in Term Finance Certificates and Sukuk Certificates as at 30 June 2017:

Debt Securities by rating category	30 June 2017	30 June 2016
	(Percentage)	
AAA	17.30	22.58
AA- to AA+	29.01	28.71
A- to A+	53.69	48.71
	<u>100.00</u>	<u>100.00</u>

Advances, deposits and other receivables

Deposits are placed with National Clearing Company of Pakistan Limited (NCCPL) and Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transaction and settlement of listed securities. It is expected that all securities deposited with NCCPL and CDC will be clearly identified as being assets of the Fund, hence management believes that the Fund is not materially exposed to a credit risk with respect to such parties.

Concentration of credit risk

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

Past due and impaired assets

None of the above financial assets were considered to be past due or impaired in 2014 and 2013 except for the exposures and the provisions there against as provided in note 7.6. For those assets that are not past due it is believed that the risk of default is minimal and the capital repayments will be made in accordance with the agreed terms and conditions. The management has not quantified the value of collaterals held against debt securities as management does not incorporate collaterals or other credit enhancements into its credit risk management nor it considers the value of collateral while testing investments for impairment.

26.2 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 cash redemptions of its units 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 Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

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

The Fund has the ability to borrow, with prior approval of 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.

Maturity analysis for financial liabilities

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

	30 June 2017				
	Maturity Upto			More than one year	Total
	Three months	Six months	One year		
	(Rupees in '000)				
Payable to the Management Company	8,381	-	-	-	8,381
Payable to Central Depository Company of Pakistan Limited - Trustee	484	-	-	-	484
Payable to Securities and Exchange Commission of Pakistan	3,187	-	-	-	3,187
Accrued expenses and other payables	17,267	-	-	-	17,267
	29,319	-	-	-	29,319

	30 June 2016				
	Maturity Upto			More than one year	Total
	Three months	Six months	One year		
	(Rupees in '000)				
Payable to the Management Company	3,903	-	-	-	3,903
Payable to Central Depository Company of Pakistan Limited - Trustee	212	-	-	-	212
Payable to Securities and Exchange Commission of Pakistan	1,416	-	-	-	1,416
Accrued expenses and other payables	2,592	-	-	-	2,592
	8,123	-	-	-	8,123

26.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risks

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 regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

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

26.3.1 *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, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

26.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest rate exposure arises on investment in debts securities, government securities and bank balances. The Fund holds balance in saving accounts that expose the Fund to cash flow interest rate risk. To enhance the earnings potential of the Fund, the Fund invests in variable rate instruments as most of the instruments currently available are indexed to market yield. Other risk management procedures are the same as those mentioned in the credit risk management.

As at 30 June 2017, the investment in term finance certificates, government securities, pre-IPO placements, commercial paper and term deposits exposed to interest rate risk is detailed in note 7.1, 7.2, 7.4, 7.9 and 12 respectively.

At 30 June 2017, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	30 June 2017	30 June 2016
	(Rupees in '000)	
Variable rate instruments		
Bank balances - saving accounts	2,891,134	887,230
Term finance certificates	897,884	528,055
	<u>3,789,018</u>	<u>1,415,285</u>
Fixed rate instruments		
Term deposit receipt	260,000	-
Ijarah sukuk	251,675	-
Commercial paper	195,247	-
Term finance certificates	6,991	24,632
Pakistan investment bonds	-	269,997
	<u>713,913</u>	<u>294,629</u>

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the period end would have increased / (decreased) the net assets and net income by Rs. 37.89 million (30 June 2016: 14.3 million). The analysis assumes that all other variables remain constant.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the actual trading results may differ from the above sensitivity analysis and the difference could be material. The composition of the Fund's investment portfolio and rates announced are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2017 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.

Fair value sensitivity analysis for fixed rate instruments

In case of 100 basis points decrease in rates announced by Financial Market Association, investment in government securities and income would decrease by Rs. 7.139 million where as, in case of 100 basis points increase in rates announced by Financial Market Association, investment in government securities and income would increase by Rs. 7.139 million respectively. The analysis assumes all other variables remaining constant.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date is as follows:

	Mark-up / profit rate (%)	30 June 2017				Total
		Less than one month	One to three months	Three months to one year	One year and above	
(Rupees in '000)						
<i>Assets</i>						
Bank balances	3.75% - 7.25%	2,891,134	-	-	-	2,891,134
Pre-IPO placement		-	-	-	-	-
Investments	5.24% - 15.5%	4,474	2,517	195,247	1,149,559	1,351,797
Term deposit receipt	6.65%	-	260,000	-	-	260,000
Total assets		2,895,608	262,517	195,247	1,149,559	4,502,931
30 June 2016						
	Mark-up/ profit rate (%)	Less than one month	One to three months	Three months to one year	One year and above	Total
(Rupees in '000)						
<i>Assets</i>						
Bank balances	4% - 8%	887,230	-	-	-	887,230
Pre-IPO placement		-	-	-	-	-
Investments	8% - 15.5%	-	-	-	866,359	866,359
Total assets		887,230	-	-	866,359	1,753,589

None of the Fund's liability is subject to interest rate risk.

26.3.3 Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of change in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. As at 30 June 2017 the Fund hold investment exposed to price risk. A change in 100 basis points in market rate at year end would have increased / (decreased) the investments and Unit Holders Fund by Rs. 5.16 million.

26.4 Unit holders' fund risk management (Capital risk management)

Capital risk is the risk that the capital of the Fund changes significantly and causes adverse effects on the Fund's existence as going concern. The capital of the Fund is represented by the net assets attributable to unit holders. 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 capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. The Fund is exposed to externally imposed minimum capital maintenance requirement of Rs 100 million.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to the liquid assets and adjust the amount of distributions the Fund pays to unit holders;

- Redeem and issue units in accordance with the constitutive document of the Fund, which include the ability to restrict redemption and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and Chief Executive of the 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 size at the end of each quarter.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

The Fund's accounting policy on fair value measurements of investments is discussed in note 4.1 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

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 measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

30 June 2017

	Carrying amount				Fair value				
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investments in debt securities	904,875	-	-	-	904,875	233,511	671,364	-	904,875
Government securities	251,675	-	-	-	251,675	-	251,675	-	251,675
Quoted equity securities	470,160	45,658	-	-	515,818	515,818	-	-	515,818
Derivative asset	2,090	-	-	-	2,090	2,090	-	-	2,090
	<u>1,628,800</u>	<u>45,658</u>	<u>-</u>	<u>-</u>	<u>1,674,458</u>	<u>751,419</u>	<u>923,039</u>	<u>-</u>	<u>1,674,458</u>

Financial assets not measured at fair value 27.1

Bank balances	-	-	2,891,184	-	2,891,184				
Pre-IPO placement	-	-	-	-	-				
Term deposit receipt	-	-	260,000	-	260,000				
Commercial paper	-	-	195,247	-	195,247				
Receivable against settlement of spread transactions	-	-	98,942	-	98,942				
Receivable against margin trading system	-	-	358,681	-	358,681				
Profits receivable	-	-	26,822	-	26,822				
Advances, deposits, prepayments, and other receivables	-	-	263,147	-	263,147				
	<u>-</u>	<u>-</u>	<u>4,094,023</u>	<u>-</u>	<u>4,094,023</u>				

Financial liabilities not measured at fair value 27.1

Payable to the Management Company	-	-	-	8,381	8,381				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	484	484				
Accrued expenses and other payables	-	-	-	17,267	17,267				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,132</u>	<u>26,132</u>				

30 June 2016

	Carrying amount				Fair value				
	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investments in debt securities	542,664	10,023	-	-	552,687	278,084	274,603	-	552,687
Government securities	269,997	-	-	-	269,997	-	269,997	-	269,997
Quoted equity security	-	43,675	-	-	43,675	43,675	-	-	43,675
	<u>812,661</u>	<u>53,698</u>	<u>-</u>	<u>-</u>	<u>866,359</u>	<u>321,759</u>	<u>544,600</u>	<u>-</u>	<u>866,359</u>

Financial assets not measured at fair value 27.1

Bank balances	-	-	887,280	-	887,280				
Pre-IPO placement	-	-	-	-	-				
Profits receivable	-	-	18,831	-	18,831				
Advances, deposits, prepayments, and other receivables	-	-	17,674	-	17,674				
	<u>-</u>	<u>-</u>	<u>923,785</u>	<u>-</u>	<u>923,785</u>				

Financial liabilities not measured at fair value 27.1

Payable to the Management Company	-	-	-	3,903	3,903				
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	212	212				
Accrued expenses and other payables	-	-	-	2,592	2,592				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,707</u>	<u>6,707</u>				

27.1 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.

During the year ended 30 June 2017, there were no transfers into and out of level 3 fair value measurements, except as follows.

In accordance with Circular No. 33 of 2012 issued by SECP, all traded debt securities are valued on the basis of their volume weighted average price during the last 15 days while thinly traded and non traded debt securities are valued using a valuation methodology devised by MUFAP which includes variables including yields on government securities, KIBOR and credit ratings. As the valuation techniques use inputs from observable market data, these securities are classified as Level 2. Rates for non-performing securities, however, are not quoted by MUFAP and are valued using the provisioning criteria prescribed by the abovementioned Circular and are hence classified as Level 3.

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

Name of Broker	<u>Commission</u>
	2017 %
Adam Securities (Private) Limited	79
Arif Habib Limited	3
Vector Capital (Private) Limited	2
JS Global Capital Limited	2
Aba Ali Habib Securities (Private) Limited	2
Invest Capital Markets Limited	2
BIPL Securities Limited (Formerly KASB Securities Limited)	2
EFG Hermes Pakistan Limited	2
Topline Securities (Private) Limited	1
Invest One Markets Limited	1
	<u>96</u>
	2016 %
Vector Capital (Private) Limited	23
JS Global Capital Limited	15
Invest Capital Markets Limited	12
BIPL Securities Limited (Formerly KASB Securities Limited)	9
Invest One Markets Limited	7
Elixir Securities Pakistan (Private) Limited	7
C&M Management (Private) Limited	6
Summit Capital (Private) Limited	5
Next Capital Limited	5
Paramount Capital (Private) Limited	4
	<u>93</u>

29. INVESTMENT COMMITTEE

Details of the members of investment committee of the Fund are as follows:

S. No.	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	17	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	18	MBA, CFA
3	Farhan Bashir Khan	Head of Research	11	MBA
4	Usama Bin Razi	Fund Manager and Head of Fixed Income Funds	12	MBA

Usama Bin Razi is also the Fund Manager of UBL Liquidity Plus Fund, UBL Money Market Fund, UBL Government Securities Fund, UBL Income Opportunity Fund, UBL Asset Allocation Fund, UBL Capital Protected Fund III, UBL Retirement Savings Fund, Al-Ameen Islamic Aggressive Income Fund and Al-Ameen Islamic Asset Allocation Fund

30. DIRECTORS' MEETING ATTENDANCE

Meetings of the Board of Directors of the management Company of the Fund are held at least once in a each quarter. During the year under review six meetings were held and the details of directors attended the meetings are as follows:

Name of Director	Dates Meetings attended	25 August	28 October	6 December	13 February	20 March	11 April
		2016	2016	2016	2017	2017	2017
Tariq Kirmani	6	1	1	1	1	1	1
Yasir Qadri	6	1	1	1	1	1	1
Shabbir Hussain Hashmi	6	1	1	1	1	1	1
Zia Ijaz	2	1	-	1	-	-	-
Syed Furrugh Zaem	6	1	1	1	1	1	1
Zulfiqar Alavi	5	1	1	1	1	-	1
Mirza Muhammad Sadeed Hassan Barlas	5	1	1	1	-	1	1

Other Persons attending meetings of Board of Directors

Hasnain Raza Nensey*	3	1	1	1	-	-	-
Fawaz Taj Siddiqui	6	1	1	1	1	1	1
Umair Ahmed	6	1	1	1	1	1	1

* Resignation effective on 28 February 2017.

31. PATTERN OF UNIT HOLDERS

Category	30 June 2017		
	Unit holders	Units held	Percentage
Individuals	1,279	6,401,514	9.52%
Associated companies / directors	7	15,765,871	23.45%
Insurance companies	10	4,635,291	6.89%
Banks / DFIs	-	-	0.00%
Public limited companies	19	24,847,909	36.96%
Retirement funds	21	5,797,375	8.62%
Other corporate entities	15	9,781,267	14.54%
	1,351	67,229,227	100%

Category	30 June 2016		
	Unit holders	Units held	Percentage
Individuals	973	2,847,263	13.92%
Associated companies / directors	2	10,096,202	49.34%
Insurance companies	2	1,098	0.01%
Banks / DFIs	2	1,892,821	9.25%
Retirement funds	15	2,231,712	10.91%
Other corporate entities	15	3,392,127	16.58%
	1,009	20,461,223	100%

32. CREDIT RATING

The Management Company has been rated as AM2++ on 30 December 2016 by JCR-VIS.

The Fund has been rated as A(f) by JCR-VIS on 10 March 2017

33. GENERAL

33.1 CORRESPONDING FIGURES

Prior year's figures have been rearranged / reclassified wherever necessary for better presentation and comparison. However, there were no material reclassifications to report.

33.2 DATE OF AUTHORISATION FOR ISSUE

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

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

Chief Executive Officer

Chief Financial Officer









Director









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