

Shaping Tomorrow's Solutions, Today!

JS MICROFINANCE SECTOR FUND

ANNUAL REPORT 2024



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COMPANY INFORMATION

Management Company

JS Investments Limited
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SB-5 Abdullah Haroon Road, Saddar,
Karachi-75600
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E-mail: info@jsil.com
Website: www.jsil.com

Board of Directors

Mr. Suleman Lalani	Non-Executive Director / Chairman
Ms. Iffat Zehra Mankani	Chief Executive Officer
Mr. Hasan Shahid	Non-Executive Director
Mr. Mirza M. Sadeed H. Barlas	Non-Executive Director
Mr. Atif Salim Malik	Non-Executive Director
Ms. Aisha Fariel Salahuddin	Non-Executive Independent Director
Ms. Mediha Kamal Afsar	Non-Executive Independent Director
Mr. Farooq Ahmed Malik	Non-Executive Independent Director

Chief Executive Officer

Ms. Iffat Zehra Mankani

Chief Financial Officer

Mr. Raheel Rehman

Chief Investment Officer

Mr. Syed Hussain Haider

Chief Operating Officer & Company Secretary

Mr. Muhammad Khawar Iqbal

Statutory Auditors

Grant Thornton Anjum Rahman, Chartered Accountants

Legal Advisors

Bawaney and Partners
3rd & 4th Floor, 68-C, Lane-13
Bokhari Commercial Area
Phase-VI DHA, Karachi

Audit Committee

Ms. Mediha Kamal Afsar (Chairperson)
Mr. Hasan Shahid (Member)
Mr. Mirza M. Sadeed H. Barlas (Member)

Trustee

Digital Custodian Company Limited
4th Floor, Perdesi House
2/1, R-Y-16, Old Queens Road,
Karachi - 75530

A futuristic cityscape at night, featuring a dense cluster of skyscrapers illuminated with warm lights. The scene is overlaid with vibrant, glowing orange light trails that swirl and curve across the foreground and middle ground. Several translucent, glowing spheres are suspended in the air, each surrounded by a ring of light. The overall atmosphere is one of advanced technology and innovation.

Vision

To be the preferred choice of every investor, offering diverse and innovative investment solutions



DIRECTORS' REPORT TO THE UNIT HOLDERS

FOR THE PERIOD ENDING JUNE 30, 2024

The Board of Directors of JS Investments Limited, the Management Company of **JS Microfinance Sector Fund** (the Fund), is pleased to present the Annual Report for the year ended June 30, 2024.

Economic Review:

The fiscal year 2024 has been a period of significant transition for the country, moving from a precarious trajectory towards a path of relative stability in both political and economic spheres. The caretaker setup initially introduced a stabilization agenda that guided much of the year. Following this, a new government was formed post-Federal elections, providing a clearer direction for the country despite some initial uncertainties during the election process. This transition offered some reassurance, given the significant challenges the nation has faced in recent years. The macroeconomic framework under the IMF's Stand-By Agreement (SBA), which included a short-term US\$3 billion funding facility signed in June of the previous year and largely executed by the caretaker government, concluded at the end of April with a final disbursement of US\$1 billion.

Turning to the real economy, the robust growth of 6.5% in agriculture, encompassing all major crops and livestock, significantly boosted the provisional GDP growth for FY24 to 2.38%, surpassing the projections of the IMF (2%), ADB (1.9%), and the World Bank (1.8%). This underscores the resilience of the economy. Against this backdrop, two key macroeconomic events during the period were the easing of monetary policy and the simultaneous tightening of fiscal policy, trends expected to continue into the next fiscal year. Observing how these policies will ultimately impact overall economic growth will be critical, especially as the industry has been under unprecedented pressure from a highly challenging business environment characterized by cost-push inflation and sluggish demand.

The Federal Budget for FY25 envisions a substantial 40% increase in FBR revenues, with the government projecting an inflation rate of 12% and a real GDP growth rate of 3.6%. According to the government's estimates presented in the budget, the fiscal deficit, expected to close at 7.4% for the current year—revised from the previous year's budgeted target of 6.5%—is projected to decrease to 5.9% for FY25.

The external account experienced considerable strengthening, with SBP FX Reserves more than doubling from their lows at the end of June 2023 to reach US\$9.4 billion by the end of June 2024. The Pakistani rupee appreciated by 2.8%, closing at 278 against the US dollar. The current account deficit has decreased markedly to US\$ 464 million for the 11 months up to May 2024, compared to US\$ 3.76 billion during the same period last year, instilling confidence in the balance of payments situation. Building on this, Pakistan's upcoming new and larger funding program with the IMF holds paramount importance, as it will significantly strengthen the country's fundamental macroeconomic pillars, particularly fiscal operations, while also providing essential support for managing external debt obligations.

Income / Money Market Review:

During the fiscal year 2024, the yield curve shifted markedly downward, with yields falling across all tenors. The most notable decline was observed in the 12-month paper, which closed at 18.68%, down by 425 basis points from the end of June 2023. The SBP's Monetary Policy Committee (MPC) cut the policy rate by 150 basis points in its June 10th meeting. This decision followed a more-than-expected drop in the headline inflation rate for May, which stood at 11.8%, primarily due to a decline in food inflation.

The steady accumulation of FX reserves and the softening inflation outlook gradually instilled market confidence, reflected in higher levels of participation in 12M T-Bill in recent auctions. The offer-to-target ratio in the auctions for 12M tenor almost doubled to 5.9x during the year's second half compared to the preceding first half. M2 growth continued to be driven by government borrowings, as evident in the continuously rising trend of net outstanding liquidity injections via open market operations (OMOs).

Review of Fund Performance

The Fund return was 24.64% for the year ended June 30, 2024, against the benchmark return of 21.88. The Fund's Net Assets increased from PKR 7.57 billion as at June 30, 2023, to PKR 10.30 billion as at June 30, 2024. The Fund's total expense ratio is 1.19%, which includes 0.16% of government levies on the Fund.

Dividend

The Fund paid an interim cash dividend of Rs 22.10 per unit during the year ended June 30, 2024.

Asset Manager & Fund Rating

Pakistan Credit Rating Agency Limited (PACRA) has maintained our Management Company's asset manager rating of 'AM2+' with a 'stable outlook'. This rating underscores our dedication to maintaining high-quality management standards and reflects positively on the overall performance and outlook of our operations. The Fund has maintained a stability rating of 'A(f)' by PACRA on April 05, 2024.

Auditors

The external auditors of the Fund Messrs Grant Thornton Anjum Rahman Chartered Accountants retire and, being eligible, offer themselves for reappointment. The Board of Directors, upon recommendation of the Audit Committee of the Board has approved the appointment of Messrs Grant Thornton Anjum Rahman Chartered Accountants, as the Fund's auditors for the ensuing year ending June 30, 2025.

Additional Information

- a. Annexed to the Annual Report is the Fund Manager's Report giving a description of principal risks and uncertainties with a reasonable indication of future prospects of profit.
- b. The Pattern of Unit holding as at June 30, 2024, is annexed to this annual report.
- c. The system of internal control is sound in design and has been effectively implemented and monitored.
- d. A performance table / key financial data is annexed to this annual report.

Acknowledgment

The directors express their gratitude to the Securities and Exchange Commission of Pakistan and Digital Custodian Company Limited for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company for their dedication and hard work and the unit holders for their confidence in the Management.



Chief Executive Officer



Director

Karachi: August 20, 2024

شراکت داروں کے لیے ڈائریکٹرز رپورٹ

جے ایس انٹرسٹیمٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز، مائیکروفنانس سیکٹر فنڈ (دی فنڈ) کی میٹنگ کمپنی نے 30 جون 2024 کو ختم ہونے والے سال کے لیے سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ

مالی سال 2024 ملک کے لیے اہم تبدیلی کا دور رہا ہے، جو ایک غیر یقینی راستے سے سیاسی اور معاشی دونوں شعبوں میں نسبتاً استحکام کی راہ پر گامزن ہے۔ نگران سیٹ اپ نے ابتدائی طور پر استحکام کا ایجنڈا متعارف کرایا جس نے سال کے زیادہ تر حصے کے رہنمائی کی۔ اس کے بعد، وفاقی انتخابات کے بعد ایک نئی حکومت تشکیل دی گئی، جس نے انتخابی عمل کے دوران کچھ ابتدائی غیر یقینی صورتحال کے باوجود ملک کو ایک واضح سمت فراہم کی۔ حالیہ برسوں میں قوم کو درپیش اہم چیلنجوں کے پیش نظر اس تبدیلی نے کچھ یقین دہانی کرائی ہے۔ آئی ایم ایف کے اسٹینڈ بائی ایگریمنٹ (SBA) کے تحت میکرو اکنامک فریم ورک، جس میں گزشتہ سال جون میں دستخط شدہ 3 بلین امریکی ڈالر کی قلیل مدتی فنڈنگ سہولت شامل تھی اور جس پر نگران حکومت نے بڑے پیمانے پر عمل درآمد کیا تھا، 1 بلین امریکی ڈالر کی حتمی تقسیم کے ساتھ اپریل کے آخر میں اختتام پذیر ہوئی۔

حقیقی معیشت کی طرف گامزن ہوتے ہوئے، زراعت میں 6.5 فیصد کی مضبوط نمو، بشمول تمام اہم فصلیں اور لائیو اسٹاک، نے مالی سال 2024 کے لیے عبوری GDP کی نمو کو نمایاں طور پر بڑھا کر 2.38 فیصد کر دیا، جو IMF (2 فیصد)، ایشیائی ترقیاتی بینک (1.9 فیصد) اور عالمی بینک (1.8 فیصد) کے تخمینوں سے زیادہ ہے۔ اس سے معیشت کی لچک کی نشاندہی ہوتی ہے۔ اس پس منظر میں، اس مدت کے دوران زری پالیسی میں نرمی اور بیک وقت مالیاتی پالیسی میں سختی دو اہم میکرو اکنامک واقعات تھے، ان رجحانات کا اگلے مالی سال تک جاری رہنے کی توقعات ہیں۔ یہ دیکھنا کہ یہ پالیسیاں بالآخر مجموعی معاشی ترقی کو کس طرح متاثر کریں گی، اہم ہوں گا، خاص طور پر جب صنعت کو انتہائی چیلنجنگ کاروباری ماحول کا سامنا ہے جو لاگت میں اضافے والی افراط زر اور سست طلب سے موصوم ہے۔

مالی سال 2025 کے وفاقی بجٹ میں ایف بی آر (FBR) کے محصولات میں 40 فیصد اضافے کا تخمینہ لگایا گیا ہے، حکومت نے افراط زر کی شرح 12 فیصد اور حقیقی جی ڈی پی (GDP) کی شرح نمو 3.6 فیصد پیش کی ہے۔ بجٹ میں پیش کی گئی حکومتی تخمینوں کے مطابق مالی خسارہ رواں مالی سال میں 7.4 فیصد رہنے کا امکان ہے جو گزشتہ سال کے بعد 6.5 فیصد کے بجٹ ہدف سے نظر ثانی شدہ۔ مالی سال 2025 کے لیے کم ہو کر 5.9 فیصد رہ جائے گا۔

بیرونی کھاتے میں کافی مضبوطی دیکھی گئی اور اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر جون 2023 کے اختتام پر اپنی کم ترین سطح سے دگنا ہو کر جون 2024 کے اختتام پر 9.4 بلین امریکی ڈالر تک پہنچ گئے۔ پاکستانی روپے امریکی ڈالر کے مقابلے میں 2.8 فیصد کے اضافے سے 278 پر بند ہوا۔ مئی 2024 تک 11 ماہ کے دوران کرنٹ اکاؤنٹ خسارہ نمایاں طور پر کم ہو کر 464 بلین امریکی ڈالر رہ گیا ہے جو گزشتہ سال کے اسی مدت کے دوران 3.76 بلین امریکی ڈالر تھا، جس سے ادائیگیوں کے توازن کی صورتحال پر اعتماد پیدا ہوا۔ اس کی بنیاد پر، پاکستان کا آئی ایم ایف (IMF) کے ساتھ آئندہ آنے والا نیا اور بڑا فنڈنگ پروگرام انتہائی اہمیت کا حامل ہے، کیونکہ یہ ملک کی میکرو اکنامک بنیادوں بالخصوص مالی آپریشنز کو نمایاں طور پر مضبوط کرے گا، بیرونی قرضوں کی ذمہ داریوں کے انتظام کے لیے ضروری معاونت مہیا کرے گا۔

انکم / منی مارکیٹ کا جائزہ

مالی سال 2024 کے دوران، پیداوار کی توسیع واضح طور پر نیچے کی جانب منتقل ہو گئی، اور پیداوار تمام مدتوں میں زوال پذیر ہوئی۔ 12 ماہ کے سرمایہ کاری کے پیپر میں سب سے واضح کمی دیکھنے میں آئی، جو دسمبر 2023 کے اختتام سے 425 بیس پوائنٹس کمی کے ساتھ 18.68 فیصد پر بند ہوا۔ اسٹیٹ بینک آف پاکستان کی مانیٹری پالیسی کمیٹی (MPC) نے 10 جون کو اپنے اجلاس میں پالیسی کی شرح میں 150 بیس پوائنٹس کمی کی تھی۔ یہ فیصلہ مئی کی کلیدی افراط زر کی شرح میں توقع سے زیادہ کمی کے بعد کیا گیا تھا، جو 11.8 فیصد رہی، جس کی بنیاد پر وجہ غذائی افراط زر میں کمی تھی۔

زرمبادلہ کے ذخائر کی مستحکم جمع ہونے اور افراط زر میں کمی نے آہستہ آہستہ مارکیٹ کا اعتماد پیدا کیا، جس کی عکاسی 12 ماہ کے ٹریڈری بلز (T - Bills) کی حالیہ نیلامیوں میں اعلیٰ سطحوں کی شرکت سے ہوتی ہے۔ سال کی گزشتہ ششماہی کے مقابلے میں سال کی دوسری ششماہی کے دوران 12 ماہ کی مدت کے لیے نیلامی میں آفرٹو ٹارگٹ کا تناسب تقریباً دو گنا ہو کر 5.9 گنا ہو گیا ہے۔ ایم ٹو کی نمو حکومتی قرضوں کی وجہ سے جاری رہی، جو اوپن مارکیٹ آپریشنز (OMOs) کے ذریعے خالص بقایا لیکویڈیٹی انجکشن کے مسلسل بڑھتے ہوئے رجحان سے ظاہر ہوتی ہے۔

فنڈ کی کارکردگی کا جائزہ

30 جون 2024 کو ختم ہونے والے سال کے لیے فنڈ کا منافع 21.88 فیصد اپنے بیچ مارک منافع کے مقابلے میں 24.64 فیصد رہا۔ 30 جون 2024 کو خالص اثاثہ جات 30 جون 2023 کے 7.57 بلین روپے سے 10.30 بلین روپے پر پہنچ گئے۔ گل اخراجات کا تناسب 1.19 فیصد ہے، جس میں فنڈ پر حکومتی محصولات کا 0.16 فیصد شامل ہے۔

ڈیویڈنڈ

30 جون 2024 کو ختم ہونے والے سال کے دوران فنڈ نے 22.10 روپے فی یونٹ انٹرم کیش ڈیویڈنڈ ادا کیا۔

ایسیٹ مینجریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ہماری بیجمنٹ کمپنی کی "AM 2+" ایسیٹ مینجریٹنگ کو "مستحکم" منظر نامے کے ساتھ برقرار رکھا ہے۔ یہ ریٹنگ اعلیٰ معیار کے انتظامی معیار کو برقرار رکھنے کے لیے ہماری لگن کی نشاندہی کرتی ہے، جو ہمارے آپریشنز کی مجموعی کارکردگی اور منظر نامے پر مثبت عکاسی کرتی ہے۔ فنڈ نے 05 اپریل 2024 پر "A (f)" اسٹیبلٹی ریٹنگ برقرار رکھی۔

آڈیٹرز

ریٹائر ہونے والے بیرونی آڈیٹرز میسرز گرینٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز نے، آڈٹ کمیٹی کی تجویز پر، میسرز گرینٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کی 30 جون 2025 کو ختم ہونے والے سال کے لیے تقرری کی منظوری دی۔

اضافی معاملات

- سالانہ رپورٹ کے ساتھ فنڈ مینجریٹنگ رپورٹ منسلک ہے جس میں مرکزی خطرات اور منافع جات کے مستقبل کے امکانات کی مناسب علامت کے ساتھ ہجان کی کیفیت کی وضاحت کی ہے۔
- 30 جون 2024 تک یونٹ ہولڈنگ کے نمونہ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔
- اندرونی کنٹرول کا نظام ساخت کے اعتبار سے مضبوط ہے اور اس پر موثر اطلاق اور نگرانی کی جاتی ہے۔
- کارکردگی کا ٹیبل / اہم مالیاتی معلومات اس سالانہ رپورٹ کے ضمیمہ میں دی گئی ہیں۔

اظہار تشکر

ڈائریکٹرز پیش قدمی، مدد اور رہنمائی پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور ڈیجیٹل کسٹوڈین کمپنی لمیٹڈ (DCCL) سے اظہار تشکر کرتے ہیں۔ بورڈ لگن اور محنت پر بیجمنٹ کمپنی کے ملازمین اور انتظامیہ پر اعتماد پر یونٹ ہولڈرز کا بھی شکریہ ادا کرتا ہے۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی: 20 اگست 2024

FUND MANAGER REPORT

Annual Report 2024

- **Description of the Collective Investment Scheme category and type**

Income Fund Scheme / Open end

- **Statement of Collective Investment Scheme's investment objective**

JS Microfinance Sector Fund aims to provide investors with competitive & attractive returns, with a medium risk profile while providing comparatively higher returns than the traditional banking channels. The fund diversifies its investments across the spectrum of low-risk Microfinance sector and Authorized Investments with hope to outperform returns of most fixed income products.

- **Explanation as to whether the Collective Investment Scheme has achieved its stated objective**

The collective investment scheme achieved its stated objective.

- **Statement of benchmark(s) relevant to the Collective Investment Scheme**

Six (6) months KIBOR Rate.

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

Ann. Returns	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	FY24
JSMFSF	22.65%	23.02%	22.90%	22.75%	22.94%	23.08%	21.85%	21.80%	22.54%	21.05%	21.60%	20.48%	24.64%
Benchmark	23.03%	23.07%	23.55%	22.48%	21.54%	21.53%	20.98%	21.44%	21.51%	21.63%	21.41%	20.35%	21.88%
Diff.	-0.38%	-0.06%	-0.65%	0.27%	1.40%	1.55%	0.87%	0.36%	1.03%	-0.59%	0.19%	0.14%	2.76%

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

During the year, the fund assets remained largely allocated to bank placements with top-rated microfinance banks while strategically maintaining a low-duration profile.

- **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)**

	Jun-24	Jun-23
Cash	73.17%	89.88%
TFCs / Sukkuks	0.96%	0.00%
Placement with Banks and DFIs	23.07%	7.57%
Other including receivables	2.80%	2.54%
Total	100.00%	100.00%

- **Analysis of the Collective Investment Scheme's performance**

	Fund	BM
Standard Deviation	1.1%	1.0%
Duration (Yr)	0.15	
WAM (Yr)	0.18	
Expense Ratio**	1.2%	

Unless otherwise specified, all data is presented on a since-inception basis.

** This is annualized and Includes 0.16% Government levy & SECP fee; 0.25% Selling & marketing expenses.

- **Based on changes in total NAV and NAV per unit since the last review period or since commencement (in the case of newly established Collective Investment Scheme)**

	Net Assets Excluding JSIL FoFs (PKR mn)	NAV per Unit (PKR)
30-Jun-24	10,188	101.61
30-Jun-23	7,285	101.12

FUND MANAGER REPORT

Annual Report 2024

- **Disclosure of the markets that the Collective Investment Scheme has invested in:**

JS Microfinance Sector Fund, although falls under the income fund category mainly invests in the Microfinance space, as its name suggests. In addition to cash placements and investment in securities or instruments within the Microfinance sector, other allowable investment avenues include government securities and any other securities or instruments approved under SECP rules, regulations, or directives from time to time.

- **Disclosure on distribution (if any), comprising:-**

- Particulars of income distribution or other forms of distribution made and proposed during the period; and
- Statement on effects on the NAV before and after distribution is made

Distribution

The fund has paid a final distribution of Rs. 3.31 per unit of Rs. 100/- each i.e. 3.31%. The cumulative distribution for FY24 is Rs. 22.10 per unit.

NAV per unit as on June 30, 2024	
Cum NAV (PKR)	101.61
Ex-NAV (PKR)	101.61

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

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

- **Breakdown of unit holdings by size**

Fund Name	Ranges			Number of Folios
JS Microfinance Sector Fund	0.0001	to	9,999.9999	149
	10,000.0000	to	49,999.9999	45
	50,000.0000	to	99,999.9999	27
	100,000.0000	to	499,999.9999	51
	500,000.0000	&	above	31
			Total	303

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

The Fund has not carried out any unit split exercise during the year.

- **Disclosure of circumstances that materially affect any interests of the unit holders**

Investment is subject to market risk.

- **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, disclosure of the following:-**

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

PERFORMANCE TABLE

		2024	2023	2022
Net assets	Rs.	10,294,971	7,570,930	2,226,847
Net income / loss	Rs.	1,997,659	1,288,054	18,977
Total return of the Fund	%	24.64	19.80	15.29
Dividend distribution	%	22.10	17.27	1.99
Capital Growth	%	2.54	2.53	13.30
Average annual return				
- One Year (Since launch date)*	%	24.64	19.80	15.29
- Two Year (Since launch date)*	%	22.22	17.55	15.29
- Three Year (Since launch date)*	%	19.91	17.55	15.29
NAV per unit	Rs.	101.61	101.12	100.09
Year-end offer price per unit	Rs.	102.27	102.27	101.23
Highest offer price per unit	Rs.	105.78	103.77	102.24
Lowest offer price per unit	Rs.	102.27	101.23	101.13
Year-end repurchase price per unit	Rs.	101.61	101.12	100.09
Highest repurchase price per unit	Rs.	104.59	102.61	101.09
Lowest repurchase price per unit	Rs.	101.12	100.09	100.00
interim distribution	Rs.	22.10	17.27	1.99
Final distribution	Rs.	-	-	-
Total distribution as % of par value	Rs.	22.10	17.27	1.99

Notes

- *JS Microfinance Sector Fund was launched on May 12, 2022.
- The income distribution have been shown against The year to which they relate although these were declared & distributed subsequently to the year end.

Disclaimer

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



#MonetizeYourAssets

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS JS MICROFINANCE SECTOR FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

JS Micro Finance Sector Fund an open-end scheme established under a Trust Deed executed between JS Investments Limited, as the Management Company and Digital Custodian Company Limited, as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan vide its letter dated December 27, 2021 consequent to which the Trust Deed was executed on January 7, 2022.

1. JS Investments Limited, the Management Company of JS Micro Finance Sector Fund has, in all material respects, managed JS Micro Finance Sector Fund during the year ended June 30, 2024 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement
2. Statement on the shortcoming(s) that may have impact on the decision of the existing or the potential unit holders remaining or investing in the Collective Investment Scheme; and

Statement

No short coming has been addressed during the year ended June 30, 2024.

3. Disclosure of the steps taken to address the shortcoming(s) or to prevent the recurrence of the short coming(s).

Disclosure of the steps

We have critically examine the fund in accordance with circular, directives, NBFC Regulations 2008 and its constitutive documents. However, no shortcoming has been addressed.

4. **Trustee's opinion regarding the calculation of the management fee, CIS Monthly Fee Payable to the Commission and other expenses in accordance with the applicable regulatory framework.**

Trustee Opinion

"The Management fee, CIS monthly fee payable to the Commission and other expenses has been accurately calculated in accordance with the NBFC Regulations, 2008 and its constitutive documents".

Dabeer Khan
Manager Compliance
Digital Custodian Company Limited

Karachi: September 25, 2024

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **JS Microfinance Sector Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the related income statement, statement of comprehensive income, statement of movements in unit holder's fund, statement of cash flows for the year ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Net assets value (NAV)	
The balances with banks and investments constitute the most significant component of the net assets value (NAV).	We performed the following audit procedures:

Key audit matter	How our audit addressed the key audit matter
<p>The balances with banks and investments as at June 30, 2024 amounted to Rs. 10,066.13 million and Rs. 102.14 million as disclosed in note 7 and 8 respectively.</p> <p>The existence and proper valuation of balances with banks for the determination of NAV of the Fund as at June 30, 2024 was considered as a high-risk area and therefore, we consider this as a Key Audit Matter (KAM).</p>	<ul style="list-style-type: none"> • Obtained independent confirmations for verifying the existence of the balances with banks and investment portfolio as at June 30, 2024 and reconciled it with the books and records of the Fund. • Obtained the reconciliation statements and tested reconciling items on a sample basis. • Obtained an understanding of design effectiveness of the key controls on the investments. • Re-performed valuation to assess that the investments are carried as per the valuation methodology specified in the accounting policies. • Checked presentation and disclosure as per applicable financial reporting framework.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the Fund’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Further, we report that the Fund's financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz**.


Chartered Accountants

Karachi

Date: September 27, 2024

UDIN: AR202410154ISNj5Y734



Financial Position
& Performance

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2024

		June 30, 2024	June 30, 2023
	Note	----- Rupees -----	
ASSETS			
Balances with bank	6	10,066,131,477	7,399,261,415
Investments	7	102,143,270	-
Profit receivable	8	233,264,605	192,479,159
Deferred formation cost	9	401,122	541,611
Prepaid Mutual Fund Rating Fee		222,908	189,411
Total assets		10,402,163,382	7,592,471,596
LIABILITIES			
Payable to JS Investments Limited - Management Company	10	20,252,457	14,395,495
Payable to Digital Custodian Company Limited - Trustee	11	929,166	609,427
Payable to Securities and Exchange commission of Pakistan	12	822,271	1,414,098
Accrued expenses and other liabilities	13	85,188,250	5,122,426
Total liabilities		107,192,144	21,541,446
Contingencies and commitments	14	-	-
Net assets		10,294,971,238	7,570,930,150
Unit holders' fund (as per statement attached)		10,294,971,238	7,570,930,150
		----- Number of units -----	
Number of units in issue	18	101,316,947	74,869,343
		----- Rupees -----	
Net asset value per unit		101.61	101.12

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

INCOME STATEMENT >

FOR THE YEAR ENDED JUNE 30, 2024

		June 30, 2024	June 30, 2023
	Note	----- Rupees -----	
Income			
Markup on bank balances		2,085,888,340	1,346,086,430
Return on debt investments		16,649,688	-
Net unrealised gain on re-measurement of investments at fair value through profit or loss		2,143,270	-
Total income		2,104,681,298	1,346,086,430
Expenses			
Remuneration to the Management Company	10.1	53,321,789	25,088,716
Sales tax on remuneration to the Management Company	10.2	6,931,834	3,261,930
Accounting and operational charges	10.3	9,019,518	4,833,591
Selling and marketing expense	10.4	22,195,661	16,081,513
Remuneration to the Trustee	11.1	6,764,753	5,302,890
Sales tax on remuneration to Trustee	11.2	879,418	689,375
Fee of the Securities and Exchange Commission of Pakistan	12.1	6,767,226	1,416,598
Amortization of deferred formation cost	9	140,489	141,715
Listing fee		28,250	25,000
Mutual fund rating fee		173,858	154,544
Bank and settlement charges		4,952	3,309
Professional tax		-	7,500
Printing and stationary		101,468	101,468
Auditor's remuneration	15	693,198	924,264
Total expenses		107,022,413	58,032,413
Net income for the year before taxation		1,997,658,885	1,288,054,017
Taxation	17	-	-
Net income for the year after taxation		1,997,658,885	1,288,054,017
Allocation of net income for the year			
Net income for the year after taxation		1,997,658,885	1,288,054,017
Income already paid on units redeemed		(753,072,479)	(105,202,669)
Accounting income available for distribution		1,244,586,406	1,182,851,348
- Relating to capital gain		-	-
- Excluding capital gain		1,244,586,406	1,182,851,348
		1,244,586,406	1,182,851,348

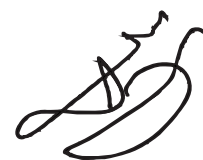
The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

STATEMENT OF COMPREHENSIVE INCOME >
 FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
	----- Rupees -----	
Net profit for the year after taxation	1,997,658,885	1,288,054,017
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,997,658,885</u>	<u>1,288,054,017</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

STATEMENT OF CASH FLOW >

FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
----- Rupees -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	1,997,658,885	1,288,054,017
Adjustments for:		
Amortization of deferred formation cost	140,489	141,715
Net unrealized gain on investments at fair value through profit and loss	(2,143,270)	-
Increase in current assets		
Profit receivable	(40,785,446)	(175,967,854)
Investments	(100,000,000)	-
Prepaid Mutual Fund Rating Fee	(33,497)	(34,166)
	(140,818,943)	(176,002,020)
(Increase) / decrease in current liabilities		
Payable to JS Investments Limited - Management Company	5,856,962	12,908,301
Payable to Digital Custodian Company Limited - Trustee	319,739	528,903
Payable to Securities and Exchange commission	(591,827)	1,390,538
Accrued expenses and other liabilities	80,065,824	2,978,384
	85,650,698	17,806,126
Net cash generated from operating activities	<u>1,940,487,859</u>	<u>1,129,999,838</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	70,488,643,633	37,305,971,543
Amount paid on redemption of units	(68,637,936,301)	(32,199,683,432)
Dividend paid	(1,124,325,129)	(1,050,258,740)
Net cash generated from financing activities	726,382,203	4,056,029,371
Net increase in cash and cash equivalents	<u>2,666,870,062</u>	<u>5,186,029,209</u>
Cash and cash equivalents at beginning of the year	7,399,261,415	2,213,232,206
Cash and cash equivalents at end of the year	<u><u>10,066,131,477</u></u>	<u><u>7,399,261,415</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2024

	For The Year Ended June 30, 2024			For The Year Ended June 30, 2023		
	-----Rupees-----					
	Capital Value	Unappropriated profit	Total	Capital Value	Unappropriated profit	Total
Net assets at beginning of the year	7,437,035,825	133,894,325	7,570,930,150	2,225,545,045	1,301,717	2,226,846,762
Issuance of units 695,059,551 (2023: 370,838,058 units)						
- Capital value (at net asset value per unit at the beginning of the year)	70,285,741,807	-	70,285,741,807	37,287,766,697	-	37,287,766,697
- Element of income	202,901,826	-	202,901,826	18,204,846	-	18,204,846
Total proceeds on issuance of units	70,488,643,633	-	70,488,643,633	37,305,971,543	-	37,305,971,543
Redemption of 668,661,047 (2023: 318,216,393 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(67,611,309,812)	-	(67,611,309,812)	(31,971,097,150)	-	(31,971,097,150)
- Element of loss	(273,554,010)	-	(273,554,010)	(123,383,613)	-	(123,383,613)
- Amount paid / payable on redemption of unit	-	(753,072,479)	(753,072,479)	-	(105,202,669)	(105,202,669)
Total payments on redemption of units	(67,884,863,822)	(753,072,479)	(68,637,936,301)	(32,094,480,763)	(105,202,669)	(32,199,683,432)
Total comprehensive income for the year	-	1,997,658,885	1,997,658,885	-	1,288,054,017	1,288,054,017
Distributions during the year	-	(1,124,325,129)	(1,124,325,129)	-	(1,050,258,740)	(1,050,258,740)
Net assets at end of the year	10,040,815,636	254,155,602	10,294,971,238	7,437,035,825	133,894,325	7,570,930,150
Unappropriated profit brought forward						
- Realized gain		133,894,325			1,301,717	
- Unrealized gain		-			-	
		133,894,325			1,301,717	
Accounting income available for distribution						
- Relating to capital gain		-			-	
- Excluding capital gain		1,244,586,406			1,182,851,348	
		1,244,586,406			1,182,851,348	
Distribution during the year		(1,124,325,129)			(1,050,258,740)	
Undistributed gain carried forward		254,155,602			133,894,325	
Unappropriated profit brought forward						
- Realized gain		254,155,602			133,894,325	
- Unrealized gain		-			-	
		254,155,602			133,894,325	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		101.12			100.09	
Net assets value per unit at end of the year		101.61			101.12	

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 JS Microfinance Sector Fund ("the Fund") was established under the Trust Deed and the Sindh Trust Act, 2020 executed between JS Investments Limited as the Management Company and Digital Custodian Company Limited as the Trustee. The draft trust deed was approved by the Securities and Exchange Commission of Pakistan (the SECP) vide its letter dated December 27, 2021 consequent to which the Trust Deed was executed on January 7, 2022 in accordance with the requirement of Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules).

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 23, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The Fund is an open end mutual fund categorised as "Income Scheme" and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on continuous basis and are transferrable and can be redeemed by surrendering them to the Fund. As per the offering document, the Fund shall invest in prime quality Microfinance sector products and Microfinance bank deposits.

1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at The Centre, 19th Floor, Plot No.28 SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan.

1.4 Title to the assets of the Fund is held in the name of Digital Custodian Company Limited as Trustee of the Fund.

1.5 Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM2+' with 'stable outlook' dated December 27, 2023 (June 30, 2023: 'AM2+' with 'positive outlook') to the Management Company. The Pakistan Credit Rating Agency (PACRA) reaffirmed the stability rating of "A(f)" (A-Fund Rating) to the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan financial reporting comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value.

2.3 Functional and presentation currency

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumption are significant to the financial statements relates to provision for taxation (notes 5.11 and 17).

4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments and interpretations to the published accounting and reporting standards that are effective in the current year

There are certain new and amended standards, amendments and interpretations that are mandatory for the Fund's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore are not detailed in these financial statements.

4.2 Standards, amendments and interpretations to the published standards that may be relevant to the Fund and adopted in the Fund

In addition certain new standards, amendments and interpretations to approved accounting standards are not yet effective. The Fund is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Fund.

4.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Further, certain new standards, amendments and interpretations have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

5.1 Financial assets

5.1.1 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 are recognised in the income statement.

5.1.2 Classification and subsequent measurement

Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified based on the business model of the entity as:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); or
- at fair value through profit or loss (FVPL).

IFRS 9 also provides an option for securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

5.1.3 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

5.1.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

5.1.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

5.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the income statement.

5.1.7 Derivatives

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

5.2 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. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

5.3 Offsetting of financial assets and financial liabilities

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

5.4 Provisions

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

5.5 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value with original maturities of three months or less.

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

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

5.7 Issue and redemption of units

Units issued are recorded at the offer price determined by the management company for the applications received by the distribution company / management company during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

Units redeemed are recorded at the redemption price applicable to units for which the distribution company / management company receives redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the management company may consider to be an appropriate provision of duties and charges.

5.8 Distribution to unit holders

Distributions to unit holders are recognised upon declaration and approval by the Investment Committee of the Board of Directors of Management Company under powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

5.9 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.
- Income from investments in government securities and commercial papers is recognised on an accrual basis using effective interest method at the rate of return implicit in the instrument.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Interest income on bank balances is recognised on an accrual basis.

5.10 Expenses

All expenses chargeable to the Fund including remuneration of Management Company, Trustee and annual fee of SECP are recognised in the income statement on an accrual basis.

5.11 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. The Fund intends to distribute such income by the year end in order to avail this tax exemption. Accordingly, no provision has been made for current and deferred taxation in these financial statements.

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.

5.12 Net asset value per unit

The net asset value (NAV) per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

5.13 Earning per unit

Earning 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.

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

		June 30, 2024	June 30, 2023
6	BALANCES WITH BANK	---- Rupees ----	
	Profit and loss (PLS) sharing account	7,666,131,477	6,824,261,415
	Term deposits receipts (TDRs)	2,400,000,000	575,000,000
		10,066,131,477	7,399,261,415

6.1 These include a balance of Rs. 41.19 million (June 30, 2023: Rs: 22.83 million) maintained with JS Bank Limited (a related party) that carries profit at the rate of 20.82% (June 30, 2023: 19.60%). Other profit and loss sharing accounts of the Fund carry profit rates ranging from 15.00% to 23.00% (June 30, 2023: 15.00% to 24.00%) per annum.

6.2 These include TDRs maintained with U Microfinance Bank Limited amounting to Rs. 1.2 billion (June 30, 2023: 0.58 billion) carrying profit at the rate of 22.25% and will mature by April 08, 2025 (June 30, 2023: July 19, 2023). These also includes TDRs maintained with Mobilink Microfinance Bank Limited and HBL Microfinance Bank carrying profit at the rate of 23.00%. and will mature by December 27, 2024.

		June 30, 2024	June 30, 2023
7	INVESTMENTS	---- Rupees ----	
	Financial assets 'at fair value through profit or loss'		
	Term Finance Certificates	102,143,270	-

7.1 These represents term finance certificates of Kashf Foundation Gender Bond carrying interest rate of Kibor +1.50%. These will mature latest by October 10, 2026.

		June 30, 2024	June 30, 2023
8	PROFIT RECEIVABLE	---- Rupees ----	
	Accrued markup on bank balances	146,462,975	164,879,159
	Accrued markup on TDRs	85,421,738	27,600,000
	Accrued markup on TFCs	1,379,892	-
		233,264,605	192,479,159

8.1 This include amount of Rs 1.05 million (2023: Rs 1.05 million) erroneously withheld as tax on bank profits of the Fund despite of valid exemption certificate and same has been claimed from the Banks deducting such taxes.

		June 30, 2024	June 30, 2023
9	DEFERRED FORMATION COST	---- Rupees ----	
	Preliminary expenses and formation costs	541,611	683,326
	Less: Amortization during the period	(140,489)	(141,715)
		401,122	541,611

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

- 9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund and are being amortised over a period of five years commencing from May 12, 2022 as per the requirements set out in the Trust Deed of the Fund.

		June 30, 2024	June 30, 2023
		---- Rupees ----	
10	PAYABLE TO JS INVESTMENTS LIMITED - MANAGEMENT COMPANY		
	Note		
	Remuneration Payable to management company	8,469,612	2,901,639
	Sindh sales tax on management remuneration	1,101,050	377,611
	Accounting and Operational Charges payable	1,096,358	719,086
	Selling and Marketing Expenses payable	9,190,708	9,460,559
	Preliminary Expenses and formation costs payable	-	740,525
	Printing charges payable	94,672	101,677
	Sales load payable to management company	300,057	94,398
		20,252,457	14,395,495

- 10.1 During the year, the Management Company has charged its remuneration at the rate of 0% to 1% (2023: 0% to 1%) on net assets, subject to floor and capping of 1% per annum of the average annual net assets. The remuneration is payable to the Management Company monthly in arrears.

- 10.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 13% (2023: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

- 10.3 As per regulation 60(3) of the NBFC Regulations, fee and expenses related to registrar services, accounting, operation and valuation services related to CIS shall be payable to AMC. During the year, such expenses have been charged at the rate of 0.1% (2023: 0.1%) of net assets of the Fund.

- 10.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). Asset Management Company is required to set a maximum limit for charging of such expenses to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Accordingly, the Management Company based on its discretion has currently determined a capping of up to 2% (2023: 2%) of the daily annual net assets of the Fund for charging of selling and marketing expenses which has also been approved by the Board of Directors of the Management Company.

		June 30, 2024	June 30, 2023
		---- Rupees ----	
11	PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE		
	Note		
	Trustee remuneration	822,271	539,314
	Sindh sales tax on trustee remuneration	106,895	70,113
		929,166	609,427

- 11.1 During the period, the Trustee has charged its remuneration at the rate of 0.075% (2023: 0.075%) per annum of the average annual net assets.

- 11.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 13% (2023: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

12 PAYABLE TO THE SECURITIES COMMISSION OF PAKISTAN

Note

Annual fee to SECP	12.1	822,271	1,414,098
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12.1 In accordance with the NBFC Regulations, 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.075% (2023: 0.02%) of the average annual net assets of the Fund.

13 ACCRUED EXPENSE AND OTHER LIABILITIES

	June 30, 2024	June 30, 2023
---- Rupees ----		
Auditors' remuneration	373,328	291,950
Withholding tax payable	34,640,084	235,523
Capital gain tax payable	12,155,120	-
Dividend payable	7,528,717	-
Payable against redemption of units	27,448,413	-
Other liabilities	3,042,588	4,594,953
	85,188,250	5,122,426

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 (2023: Nil)

15 AUDITOR'S REMUNERATION

	June 30, 2024	June 30, 2023
---- Rupees ----		
Annual audit fee	367,500	336,799
Half yearly review of financial statements	165,000	150,000
Out of pocket expenses	109,350	40,000
Other Certification	-	329,001
	641,850	855,800
Sales tax	51,348	68,464
	693,198	924,264

16 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the year ended June 30, 2024 is 1.19% (2023: 0.82%) which includes 0.16% (2023: 0.08%) representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% (excluding government levies) prescribed under the NBFC Regulations for a collective investment scheme categorised as an "income" scheme.

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in a manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

18 NUMBER OF UNITS IN ISSUE

Total outstanding units- opening
Issued during the year
Redemption during the year
Total outstanding units - closing

June 30, 2024	June 30, 2023
---- Numbers ----	
74,869,343	22,247,678
695,059,551	370,838,058
(668,611,947)	(318,216,393)
101,316,947	74,869,343

19 TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

Connected persons / related parties include JS Investments Limited (JSIL) being the Management Company of the Fund, Digital Custodian Company Limited being the Trustee of the Fund, JS Bank Limited (JSBL) being the Holding Company of JSIL (Holding 84.56% shares of JS Investment Limited), Jahangir Siddiqui & Co. Limited (JSCL) (Holding 71.20% shares of JS Bank Ltd.) being the Holding Company of JSBL, BankIslami Pakistan Limited (BIPL) (75.12% shares held by JS Bank) being the fellow subsidiary of JSBL, JS Global Capital Limited (JSGCL) (92.90% shares held by JS Bank) being the fellow subsidiary of JSBL, and other associated companies of JSBL, JSIL and its subsidiaries, Key Management Personnel of the above entities and other funds being managed by JSIL and includes entities holding 10% or more in the units of the Fund as at June 30, 2024. It also includes staff retirement benefit funds of the above related parties / connected persons.

Transactions with connected persons are carried out in normal course of business at contracted rates and thus determined in accordance with the market terms.

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

Transactions and balances with related parties other than disclosed elsewhere in these financial statements are as follows:

19.1 Details of transactions with related parties

/ Connected person during the year

JS Investments Limited - Management Company

Remuneration to the Management Company
Sindh sales tax on remuneration of the Management Company
Issue of units: 4,571,801 units (2023: 27,351,134 units)
Redemption of units: 6,787,059 units (2023: 29,485,032 units)

June 30, 2024	June 30, 2023
---- Rupees ----	
53,321,789	25,088,716
6,931,834	3,261,930
467,618,695	2,781,564,401
698,835,049	2,996,229,541

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
	---- Rupees ----	
Reinvest in lieu of Dividend paid : 1,492 units (2023: 6,404 units)	150,834	643,576
Sales load	1,529,403	817,852
Accounting and operating expenses	9,019,518	4,833,591
Units refunded as capital : 45,627 (2023: 204,160 units)	-	-
Selling and marketing expense	22,195,661	16,081,513
Amortization of deferred formation costs	140,489	141,715
Printing Charges	101,468	101,468
Digital Custodian Company Limited - Trustee		
Remuneration to the trustees	6,764,753	5,302,890
Sales tax on trustee remuneration	879,418	689,375
JS Fund of Funds		
(Fund Under JSIL Management)		
Issue of units: 8,664,134 units (2023: 10,746,668 units)	891,548,254	1,089,197,751
Redemption of units: 10,574,363 units (2023: 8,553,361 units)	1,079,931,279	866,112,310
Reinvest in lieu of Dividend paid : 36,370 units (2023: 69,693 units)	3,681,801	6,999,044
Units refunded as Capital : 106,353 (2023: 71,639 units)	-	-
Energy Infrastructure Holding (Private) Limited		
(Wholly owned by JSCL)		
Issue of units: 1,116,212 units (2023: 1,989,060 units)	115,000,000	200,000,000
Redemption of units: 390,663 (2023: 1,989,060 units)	40,144,545	200,477,374
Units refunded as Capital: 14,607 (2023: Nil units)	-	-
Dividend given by the Fund	921,447	-
EFU Life Assurance Ltd. (Associate of JSCL)		
Redemption of units: 626,783 units (2023: Nil units)	64,489,736	-
Reinvest in lieu of Dividend paid : 33,636 units (2023: 92,949 units)	3,501,299	9,340,121
Jahangir Siddiqui & Co. Limited		
Issue of units: 35,247,163 units (2023: 48,212,599 units)	3,604,482,042	4,874,553,337
Redemption of units: 40,445,387 units (2023: 41,155,096 units)	4,117,587,993	4,159,409,793
Units refunded as Capital : 289,343 (2023: 159,344 units)	-	-
Dividend given by the Fund	46,898,166	47,815,915
JS Infocom Limited		
(Wholly owned by JSCL)		
Issue of units: 679,031 units (2023: 597,285 units)	70,000,000	60,000,000
Redemption of units: 294,410 units (2023: 498,206 units)	30,201,355	50,189,318
Units refunded as Capital: 9,738 (2023: Nil units)	-	-
Dividend given by the Fund	975,445	6,606,217

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
	---- Rupees ----	
Jahangir Siddiqui & Sons Limited		
(Common ownership of the substantial shareholder)		
Issue of units: 1,624,144 units (2023: 5,772,467 units)	165,235,798	582,000,000
Redemption of units: 5,908,570 units (2023: 920,579 units)	599,222,883	94,000,000
Units refunded as Capital : 8,370 (2023: 2,118 units)	-	-
Reinvest in lieu of Dividend paid : 140,108 (2023: 8,065 units)	14,178,798	808,980
JS Bank Limited		
(Parent Company of JSIL)		
Interest income on bank balances	17,830,400	2,489,197
Issue of units: Nil units (2023: 26,758,795 units)	-	2,700,000,000
Redemption of units: Nil units (2023: 26,834,560 units)	-	2,709,749,787
Reinvest in lieu of Dividend paid : Nil units (2023: 18,086 units)	-	1,818,539
Units refunded as Capital : Nil (2023: 57,679 units)	-	-
U Microfinance Bank Limited		
(Entities holding 10% or more of units)		
Interest income on bank balances	-	1,227,925,774
Jahangir Siddiqui Securities Services Limited		
(Common ownership of the substantial shareholder)		
Issue of units: 62,173 units (2023: Nil units)	6,300,000	-
Redemption of units: 8,453 (2023: Nil units)	863,252	-
Units refunded as Capital : Nil (2022: Nil units)	-	-
Reinvest in lieu of Dividend paid: 2,021 (2023: Nil units)	204,756	-
JS Lands Private Limited		
(Common ownership of the substantial shareholder)		
Issue of units: 51,201 units (2023: Nil units)	5,272,202	-
Redemption of units: Nil units (2023: Nil units)	-	-
Reinvest in lieu of Dividend paid: 3,163 units (2023: Nil units)	320,463	-
Units refunded as Capital : 829 (2023: Nil units)	-	-
The Eastern Express Company (Private) Limited		
(Common ownership of the substantial shareholder)		
Issue of units: 59,332 units (2023: Nil units)	6,020,674	-
Redemption of units: 74,352 units (2023: Nil units)	7,590,809	-
Reinvest in lieu of Dividend paid : 5725 units (2023: Nil units)	579,659	-
Units refunded as Capital : 85 (2023: Nil units)	-	-

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
	---- Rupees ----	
Key management personnel of the Management Company		
Issue of units: 27,052,463 (2023: 1,390,911 units)	2,789,141,883	141,457,960
Redemption of units: 22,180,068 (2023: 1,340,354 units)	2,293,635,920	136,888,326
Units refunded as Capital: 458,251 (2023: 12,881 units)	-	-
Reinvest in lieu of Dividend paid: 15,335 (2023: 9,404 units)	1,552,830	945,051
19.2 Details of balances with related parties / connected persons as at year end		
JS Investments Limited - Management Company		
Remuneration payable to the Management Company	8,469,612	2,901,639
Sindh sales tax on management remuneration	1,101,050	377,611
Preliminary Expenses and formation costs Payable	-	740,525
Accounting and Operational Charges payable	1,096,358	719,086
Selling and Marketing Expenses payable	9,190,708	9,460,559
Printing charges Payable	94,672	101,677
Sales load payable	300,057	94,398
Units held: Nil units (2023: 2,168,140)	-	219,242,292
Digital Custodian Company Limited - Trustee		
Remuneration to the trustees	822,271	539,314
Sales tax on trustee remuneration	106,895	70,113
U Microfinance Bank Limited		
(Entities holding 10% or more of units)		
Balances with banks	-	7,371,297,836
Accrued return on balances with banks	-	191,091,193
Units held: Nil (2023: 37,635,186)	-	3,805,669,886
JS Bank Limited (Parent Company of JSIL)		
Bank balances	38,565,487	22,832,133
Accrued return on bank balance	2,620,654	317,518
JS Fund of Funds (Fund Under JSIL Management)		
Units held: 1,056,692 (June 30, 2023: 2,824,198)	107,370,597	285,582,983
EFU Life Assurance Ltd. (Associate of JSCL)		
Units held: Nil (June 30, 2023: 593,147)	-	59,979,030
Jahangir Siddiqui & Co. Limited		
(Ultimate Parent Company - JSIL)		
Units held: 2,307,966 (June 30, 2023: 7,216,847)	234,512,397	729,767,561

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
	---- Rupees ----	
Jahangir Siddiqui & Sons Limited (Common Directership) Units held: 726,124 (June 30, 2023: 4,862,071)	73,781,423	491,652,647
Jahangir Siddiqui Securities Services Limited (Common ownership of the substantial shareholder) Units held: 63,899 (June 30, 2023: 8,158)	6,492,816	824,945
JS Infocom Limited (Wholly owned by JSCL) Units held: 493,437 (June 30, 2023: 99,079)	50,138,162	10,018,825
Energy Infrastructure Holding (Pvt) Limited (Common ownership of the substantial shareholder) Units held: 740,156 (June 30, 2023: Nil)	75,207,244	-
JS Land Private Limited (Common ownership of the substantial shareholder) Units held: 55,193 (June 30, 2023: Nil)	5,608,119	-
The Eastern Express Company (Private) Limited (Common ownership of the substantial shareholder) Units held: 47,226 (June 30, 2023: 56,437)	4,798,670	5,706,909
Entities holding 10% or more of units Units held: 30,949,843 (June 30, 2023: 37,635,185)	3,144,813,543	3,805,669,886
Key management personnel of the Management Company Units held: 5,444,049 (June 30, 2023: 98,069)	553,169,856	9,916,731

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

20 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance	Payable against redemption of units	Total
-----Rupees-----			
June 30, 2024			
Balance as at July 01, 2023	-	-	-
Receivable against issuance of units	70,488,643,633	-	70,488,643,633
Payable against redemption of units	-	(68,637,936,301)	(68,637,936,301)
	70,488,643,633	(68,637,936,301)	1,850,707,332
Amount received on issuance of units	(70,488,643,633)	-	(70,488,643,633)
Amount paid on redemption of units	-	68,610,487,888	68,610,487,888
	(70,488,643,633)	68,610,487,888	(1,878,155,745)
Balance as at June 30, 2024	-	(27,448,413)	(27,448,413)

	Receivable against issuance	Payable against redemption of units	Total
-----Rupees-----			
June 30, 2023			
Balance as at July 01, 2022	-	-	-
Receivable against issuance of units	37,305,971,543	-	37,305,971,543
Payable against redemption of units	-	(32,199,683,432)	(32,199,683,432)
	37,305,971,543	(32,199,683,432)	5,106,288,111
Amount received on issuance of units	(37,305,971,543)	-	(37,305,971,543)
Amount paid on redemption of units	-	32,199,683,432	32,199,683,432
	(37,305,971,543)	32,199,683,432	(5,106,288,111)
Balance as at June 30, 2023	-	-	-

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

21 FINANCIAL INSTRUMENTS - BY CATEGORY

Particulars	-----As at June 30, 2024-----		
	At amortised cost	Financial asset at 'fair value through profit or loss'	Total
----- Rupees -----			
Financial assets			
Balances with bank	10,066,131,477	-	10,066,131,477
Profit receivable	233,264,605	-	233,264,605
Investments	-	102,143,270	102,143,270
	<u>10,299,396,082</u>	<u>102,143,270</u>	<u>10,401,539,352</u>
Financial liabilities			
Payable to JS Investments Limited			
- Management Company	19,151,407	-	19,151,407
Payable to Digital Custodian Company Limited - Trustee	822,271	-	822,271
Payable to Securities and Exchange Commission of Pakistan	822,271	-	822,271
Accrued expense and other liabilities	38,374,136	-	38,374,136
	<u>59,170,085</u>	<u>-</u>	<u>59,170,085</u>
Particulars	-----As at June 30, 2023-----		
	At amortised cost	Financial asset at 'fair value through profit or loss'	Total
----- Rupees -----			
Financial assets			
Balances with bank	7,399,261,415	-	7,399,261,415
Profit receivable	192,479,159	-	192,479,159
	<u>7,591,740,574</u>	<u>-</u>	<u>7,591,740,574</u>
Financial liabilities			
Payable to JS Investments Limited			
- Management Company	14,017,884	-	14,017,884
Payable to Digital Custodian Company Limited - Trustee	539,314	-	539,314
Payable to Securities and Exchange Commission of Pakistan	1,414,098	-	1,414,098
Accrued expense and other liabilities	1,296,956	-	1,296,956
	<u>17,268,252</u>	<u>-</u>	<u>17,268,252</u>

22 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk.

Risk management framework

The Management Company Board of Directors has an overall responsibility for the establishment and oversight of the Fund's risk management framework.

Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the Fund's constitutive documents and the regulations and directives of the SECP. The policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The audit committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The audit committee is assisted in its oversight role by the internal audit. The Internal audit undertakes regular reviews of risk management controls and procedures and the results of which are reported to the audit committee.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets within prescribed time limits.

22.1 Market risk

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

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

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

22.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

22.1.2 Profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Fund is mainly exposed to interest rate risk on balances held with banks.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument except for balances in profit and loss sharing accounts and TDRs amounting Rs 10,113.42 million (2023: Rs. 7,399.26 million) which carry profit at rates ranging from 15% to 23.00% per annum (2023: 15% to 24.00%).

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

Cash flow sensitivity analysis for variable-rate instruments.

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased unit holder fund and income statement by Rs 101.13 million (2023: Rs 73.99 million). The analysis assumes that all other variables remain constant.

None of the Fund's liabilities are subject to interest rate risk.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that exposes the Fund to any material interest rate risk.

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

Particulars	June 30, 2024					
	Interest rate	Total	---Exposed to interest rate risk---			Not exposed to interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
	%					

On-balance sheet financial instruments

Financial assets

Balances with bank	15-23	10,066,131,477	7,666,131,477	2,400,000,000	-	-
Bank profit receivable		233,264,605	-	-	-	233,264,605
Investments	Kibor + 1.5	102,143,270	5,153,757	34,610,757	62,378,756	-
		10,401,539,352	7,671,285,234	2,434,610,757	62,378,756	233,264,606

Financial liabilities

Payable to JS Investment Limited Company		19,151,407	-	-	-	19,151,407
Payable to Digital Custodian Company Limited - Trustee		822,271	-	-	-	822,271
Fee payable to Securities and Exchange Commission of Pakistan		822,271	-	-	-	822,271
Accrued expenses and other liabilities		38,374,136	-	-	-	38,374,136
		59,170,085	-	-	-	59,170,085

On-balance sheet gap (a)

		10,342,369,268	7,671,285,234	2,434,610,757	62,378,756	174,094,521
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Off-balance sheet financial instruments

		-	-	-	-	-
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Off-balance sheet gap (b)

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

Total interest rate sensitivity gap (a+b)

		10,342,369,268	7,671,285,234	2,434,610,757	62,378,756	174,094,521
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Cumulative interest rate sensitivity gap

			7,671,285,234	10,105,895,991	2,496,989,513	
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NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

Particulars	----- June 30, 2023 -----					
	Interest rate	Total	---Exposed to interest rate risk---			Not exposed to interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
On-balance sheet financial instruments	%					
Financial assets						
Balances with bank	15-24	7,399,261,415	7,399,261,415	-	-	-
Bank profit receivable		192,479,159	-	-	-	192,479,159
		7,591,740,574	7,399,261,415	-	-	192,479,159
Financial liabilities						
Payable to JS Investment Limited Company		14,017,884	-	-	-	14,017,884
Payable to Digital Custodian Company Limited - Trustee		539,314	-	-	-	539,314
Fee payable to Securities and Exchange Commission of Pakistan		1,414,098	-	-	-	1,414,098
Accrued expenses and other liabilities		1,296,956	-	-	-	1,296,956
		17,268,252	-	-	-	17,268,252
On-balance sheet gap (a)		7,574,472,322	7,399,261,415	-	-	175,210,907
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		7,574,472,322	7,399,261,415	-	-	175,210,907
Cumulative interest rate sensitivity gap			7,399,261,415	7,399,261,415	7,399,261,415	

22.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

22.2 Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counter party to a financial instrument fails to meet its contractual obligations. This mainly arises principally from bank balances, security deposits and receivable against sale of securities.

The carrying amount of financial assets represent the maximum credit exposure.

	----- June 30, 2024 -----		----- June 30, 2023 -----	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	---- Rupees ----		---- Rupees ----	
Balances with banks	10,066,131,477	10,066,131,477	7,399,261,415	7,399,261,415
Bank profit receivable	233,264,605	233,264,605	192,479,159	192,479,159
Investments	102,143,270	102,143,270	-	-
	10,299,396,082	10,299,396,082	7,591,740,574	7,591,740,574

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities are not exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC Rules and the Regulations. Before making investment decisions, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Analyses of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements of the counter party on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's financial assets:

22.2.1 Credit quality of balances held by the Fund's bank accounts

Name Of The Bank	-----June 30, 2024-----		
	Rating agency	Latest available published rating	Percentage
U Microfinance Bank Limited	JCR-VIS	A+	47.77%
HBL Microfinance Bank	PACRA	A+	6.52%
JS Bank Limited	PACRA	AA	0.39%
Finca Microfinance Bank Limited	PACRA	BBB+	0.00%
The Bank of Punjab	PACRA	AA	0.00%
Mobilink Microfinance Bank	PACRA	A	45.32%

22.2.2 Concentration of credit risk

The 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.

22.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on the terms that are materially disadvantageous to the Fund.

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short-term instruments in order to maintain liquidity.

In order to manage the Fund's overall liquidity, the Fund may also 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. The Fund did not withhold any redemptions during the period.

The table below indicates the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	-----As at June 30, 2024-----			
	Upto three months	Upto three months	Over three months and upto one year	Over one year
----- Rupees -----				
Financial liabilities				
Payable to JS Investments Limited - Management Company	19,151,407	19,151,407	-	-
Payable to Digital Custodian Company Limited - Trustee	822,271	822,271	-	-
Fee payable to Securities and Exchange Commission of Pakistan	822,271	822,271	-	-
Accrued expenses and other liabilities	38,374,136	38,374,136	-	-
	59,170,085	59,170,085	-	-
Particulars	-----As at June 30, 2023-----			
	Upto three months	Upto three months	Over three months and upto one year	Over one year
----- Rupees -----				
Financial liabilities				
Payable to JS Investments Limited - Management Company	14,017,884	14,017,884	-	-
Payable to Digital Custodian Company Limited - Trustee	539,314	539,314	-	-
Fee payable to Securities and Exchange Commission of Pakistan	1,414,098	1,414,098	-	-
Accrued expenses and other liabilities	1,296,956	1,296,956	-	-
	17,268,252	17,268,252	-	-

23 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit as of the close of the business day less any back end load, provision for transaction cost and any provision for duty and charge, if applicable. The relevant movements are shown on the 'Statement of Movement in Unit holders' Fund.

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

The Fund's objective when managing unit holder's funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders' and to maintain a strong base of assets under management.

The Fund has no restrictions on the subscription and redemption of units.

The Fund meets the requirements of sub-regulation 54(3a) which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all times during the life of the scheme.

In accordance with the risk management policies stated in note 22, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

24.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

'Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

'Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

'Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2024 and June 30, 2023, the carrying value of the assets approximate their fair value(except investments in TFCs) since these are short term in nature and are placed with counterparties which have high credit rating.

The fair value of investments of TFCs are disclosed in note 7 which is valued based on the rates announced by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.

25 SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding units holding pattern, top ten brokers, particulars of members of the Investment Committee and fund manager, particulars of meetings of the Board of Directors of the Management Company, meetings of Audit Committee of the Management Company, meetings of the Human Resource and Remuneration Committee of the Management Company and rating of the Fund and the management company are as follows:

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

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

S. No.	Name	Designation	Experience in years	Qualification
1	Ms. Iffat Zehra Mankani	Chief Executive Officer	23	MBA
2	Mr. Khawar Iqbal	Chief Operating Officer and Company Secretary	31	MBA
3	Mr. Syed Hussain Haider	Chief Investment officer / Fund Manager	22	CFA/ CIPM
4	Ms. Samina Faisal	Country Head Business Development	33	MBA
5	Mr. Asim Ilyas	Head of Fixed Income Investment Team	28	MAS
6	Mr. Safdar Raza	Assistant Manager Fixed Income Funds	08	B.Com

25.2 Pattern of unit holding

Category	----- As at June 30, 2024 -----			
	Number of unit holders	Number of units held	Investment amount	Percentage of total investment (%)
Individuals	271	50,895,678	5,171,666,088	50.23%
Associated Companies and directors	10	5,014,076	509,480,215	4.95%
Bank./ development financial institutions	1	1,428,019	145,101,019	1.41%
Non Banking Finance Companies	1	1,056,693	107,370,596	1.04%
Retirement funds	6	2,487,836	252,789,051	2.46%
Public Limited Companies	2	31,067,352	3,156,753,637	30.66%
Others	12	9,367,293	951,810,632	9.25%
	303	101,316,947	10,294,971,238	100.00%

Category	----- As at June 30, 2023 -----			
	Number of unit holders	Number of units held	Investment amount	Percentage of total investment (%)
Individuals	159	13,419,897	1,357,020,035	17.92%
Associated Companies and directors	7	15,603,501	1,577,825,991	20.84%
Bank./ development financial institutions	1	37,635,185	3,805,812,086	50.27%
Non Banking Finance Companies	0	-	-	0.00%
Retirement funds	9	1,520,233	153,725,921	2.03%
Public Limited Companies	5	1,273,802	128,806,891	1.70%
Others	7	5,416,725	547,739,226	7.23%
	188	74,869,343	7,570,930,150	100.00%

25.3 Attendance at the meeting of the Board of Directors of the Management Company

The 169th, 170th, 171st, 172nd, 173rd and 174th meetings of the Board of Directors were held on August 04, 2023, August 18, 2023, October 20, 2023, December 28, 2023, February 20, 2024 and April 24, 2024 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

NOTES TO THE FINANCIAL STATEMENTS >

FOR THE YEAR ENDED JUNE 30, 2024

S. No	Name of Directors	Meetings held on						
		Meetings attended	August 04, 2023	August 18, 2023	October 20, 2023	December 28, 2023	February 20, 2024	April 24, 2024
1	Mr. Suleman Lalani	6	✓	✓	✓	✓	✓	✓
2	Ms. Iffat Zehra Mankani	6	✓	✓	✓	✓	✓	✓
3	Mr. Hasan Shahid	6	✓	✓	✓	✓	✓	✓
4	Ms. Aisha Fariel Salahuddin	2	-	-	✓	✓	-	-
5	Mr. Mirza M. Sadeed Hasan Barlas	4	✓	✓	-	✓	✓	-
6	Mr. Atif Salim Malik	5	-	✓	✓	✓	✓	✓
7	Ms. Mediha Kamal Afsar	6	✓	✓	✓	✓	✓	✓
8	Mr. Farooq Ahmed Malik	5	-	✓	✓	✓	✓	✓

25.4 Meetings of the audit committee

S. No	Name of Directors	Meetings held on				
		Meetings attended	August 17, 2023	October 20,	February 19, 2024	April 22, 2024
1	Ms. Mediha Kamal Afsar	4	✓	✓	✓	✓
2	Mr. Hasan Shahid	4	✓	✓	✓	✓
3	Mr. Mirza M. Sadeed Hasan Barlas	2	✓	-	-	✓

25.5 Meetings Of Human Resource And Remuneration Committee

S. No	Name of Directors	Meetings held on		
		Meetings attended	November 30, 2023	February 24, 2024
1	Ms. Aisha Fariel Salahuddin	2	✓	✓
2	Mr. Suleman Lalani	2	✓	✓
3	Ms. Iffat Zehra Mankani	2	✓	✓

26 GENERAL

26.1 Figures in the financial statements have been rounded off to nearest rupee.

26.2 Units have been rounded off to the nearest decimal place.

27 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company of the Fund on August 20, 2024.



Chief Financial Officer



Chief Executive Officer



Director



JS INVESTMENTS OFFICES

- **Head Office - Karachi**
19th Floor, The Centre, Plot No. 28, SB-5,
Abdullah Haroon Road, Saddar, Karachi.
- **Wealth Centre**
Ground Floor, Plot No. 97-C, Main
Khayaban-e-Shaheen, DHA Phase 8,
Karachi
- **Regional Office - Lahore**
Ground Floor, No. 25, Block 13, Plot No.1-4,
Usman Block, New Garden Town, Lahore
- **Regional Office - Islamabad**
Office No. 414, 4th Floor, PSX Building,
Jinnah Avenue, Islamabad

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