
JS Islamic Income Fund

Quarterly Report for the period
ended March 31, 2021



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VISION

To be recognized as a responsible asset manager respected for continually realizing goals of its investors.

MISSION

To build JS Investments into a top ranking Asset Management Company; founded on sound values; powered by refined knowhow; supported by a committed team operating within an accountable framework of social, ethical and corporate responsibility - a strong and reliable institution for its shareholders to own; an efficient service provider and value creator for clients; an exciting and fulfilling work place for employees; and a participant worth reckoning for competitors.

BROAD POLICY OBJECTIVES

- Value creation for clients on a sustainable basis
- Maintain high standards of ethical behaviors and fiduciary responsibility
- Manage Investments with Prudence and with the aim of providing consistent returns better than that of peers
- Take Products and Services to the People, Create awareness on understanding financial goals, risks and rewards
- Professional Excellence – Adapt, Evolve and Continuously Improve
- Maintain highly effective controls through strong compliance and risk management
- A talented, diligent and diverse HR



ORGANIZATION

Management Company

JS Investments Limited
19th Floor, The Centre, Plot # 28,
SB-5 Abdullah Haroon Road, Saddar,
Karachi-75600
Tel: (92-21) 111-222-626 Fax: (92-21) 35165540
E-mail: info@jsil.com
Website: www.jsil.com

Board of Directors

Mr. Suleman Lalani	Chairman
Ms. Iffat Zehra Mankani*	Chief Executive Officer
Mr. Hasan Shahid	Non-Executive Director
Mr. Tahir Ali Sheikh	Non-Executive Director
Mr. Asif Reza Sana	Independent Director
Ms. Aisha Fariel Salahuddin	Independent Director
Mr. Zahid Ullah Khan**	Non-Executive Director
Mr. Imran Haleem Shaikh	Non-Executive Director

Audit Committee

Mr. Asif Reza Sana	Chairman
Ms. Aisha Fariel Salahuddin	Member
Mr. Hasan Shahid	Member

Director Finance & Company Secretary

Mr. Muhammad Khawar Iqbal

Chief Financial Officer

Mr. Zafar Iqbal Ahmed

Trustee

Digital Custodian Company
Formerly; MCB Financial Services Ltd.
4th Floor, Perdesi House
2/1, R-Y-16, Old Queens Road,
Karachi - 75530

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants
3rd floor, Modern Motors House
Beamount Road Karachi

Legal Adviser

Bawaney & Partners

Shariah Advisors

AI – Hilal Shariah Advisors (Pvt) Limited

* Ms. Iffat Zehra Mankani has been appointed as Chief Executive Officer of JS Investments Limited w.e.f April 15, 2021 in place of Mr. Hasnain Raza Nensey.

** Mr. Zahid Ullah Khan has been appointed as Director on the Board of JS Investments Limited w.e.f March 18, 2021 in place of Mr. Kamran Jafar.

JS Islamic Income Fund

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of JS Investments Limited has pleasure in presenting to you the un-audited Financial Statements of **JS Islamic Income Fund** (the Fund) for the nine months period ended March 31, 2021.

Economic Review:

Since July 2020, Pakistan witnessed two Corona virus waves and is currently undergoing the third wave, the severity of which has heightened the risk of city wide lockdowns and economic activity slowdown. In an effort to overcome the Corona virus situation, the government has initiated a vaccine drive targeting 50+ population and is expected to expand the drive to the lower age groups in the coming months. Therefore, this could be the last major Corona virus wave and the return to normalcy seems closer than ever.

Similarly, the IMF program has also resumed after a year long suspension with another disbursement of USD 500 million. The performance targets remain largely unchanged and the government is expected to achieve the set targets barring any political distraction and escalation of the Corona virus situation.

The Current Account improved considerably during the nine months of the fiscal year 2021. The country reported a surplus of USD 748 million in the period under review compared to USD 2,911 million deficit in the same period last year. The improvement was on account of 24% growth in remittances that outweighed the 22% rise in the trade deficit. As a result, foreign reserves continued to strengthen and PKR/USD parity also improved with the PKR trading at 153 to the dollar in March 2021.

Lastly, CPI inflation eased off from 9.3% in July 2020 to 5.7% in January 2021. However, the inflation has increased to 9% levels from February onwards due to the low base effect. The State Bank of Pakistan continues to maintain a dovish policy stance with a higher focus towards economic recovery stimulation.

Income & Money Market Review:

During the fiscal year to date, the State Bank of Pakistan kept the Policy Rate unchanged at 7%. The Islamic money market witnessed the issuance of Government of Pakistan Ijara Sukuk in the second quarter of the fiscal year 2021. During the period under review, the State Bank of Pakistan accepted bids of PKR 335 billion in Variable Rental Rate (VRR) Ijara Sukuk as preference for floating rate Sukuk remained prevalent among investors. Furthermore, bids of PKR 33 billion bids were received for the 5 year Fixed Rental Rate (FRR) Ijara Sukuk, out of which only bids worth of PKR 14 billion were accepted.

Review of Fund Performance

The Fund return was 6.65% for the nine months period ended March 31, 2021 against the benchmark return of 3.77%. Net Assets moved from PKR 1.54 billion (June 30, 2020) to PKR 2.18 billion as at March 31, 2021. The total expense ratio (TER) of the Fund is 0.62% Annualized which includes 0.20% representing government levies on the Fund.



Fund and Asset Manager Rating

The Pakistan Credit Rating Agency (PACRA) reaffirmed the stability rating of “AA- (f)” (Double A Minus – Fund Rating) to the Fund. The fund’s rating denotes a strong capacity to maintain high degree of stability in returns and possesses low exposure to risks.

The Pakistan Credit Rating Agency Limited has assigned JS Investments’ Management Quality Rating of AM2 (AM-Two) with a stable outlook. The rating denotes High Management Quality.

Acknowledgment

The directors express their gratitude to the Securities and Exchange Commission of Pakistan and MCB Financial Services Limited (MCBFSL) 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.

Karachi: April 23, 2021

Director

Chief Executive Officer

JS Islamic Income Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT MARCH 31, 2021

	Note	31 March 2021 (Unaudited)	30 June 2020 (Audited)
-----Rupees-----			
Assets			
Balances with banks	7	932,502,735	1,272,685,889
Investments	8	1,220,070,034	264,593,322
Accrued markup / interest		35,992,052	7,682,333
Deposits, Prepayments and other receivables	9	2,904,299	3,066,426
Total assets		2,191,469,120	1,548,027,970
Liabilities			
Payable to the Management Company	10	1,531,153	1,418,132
Remuneration payable to the Trustee		136,169	68,875
Sales Tax payable on Trustee remuneration		17,702	8,952
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	317,121	154,550
Accrued expenses and other liabilities	12	8,048,678	8,337,964
Total liabilities		10,050,823	9,988,473
Contingencies and commitments	13		
Net assets		2,181,418,297	1,538,039,497
Unit holders' fund		2,181,418,297	1,538,039,497
----- Number of units -----			
Number of units in issue		20,274,135	15,008,137
----- Rupees -----			
Net assets value per unit		107.60	102.48

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS & THREE MONTHS PERIOD ENDED MARCH 31, 2021

	Note	Nine months period ended		Three months period ended	
		31 March		31 March	
		2021	2020	2021	2020
(Rupees)					
Income					
Net realized (loss) on sale of investments at FVTPL		(2,755,231)	(799,105)	(880,231)	-
Net unrealized (loss) / gain on investments at FVTPL					
- held for trading investments - net		(12,887,599)	1,783,949	(7,766,138)	1,731,865
Return / mark-up on balances with banks and investments		119,113,388	79,956,404	39,366,624	14,883,725
Other income		10,028,089	-	10,028,089	-
		<u>113,498,647</u>	<u>80,941,248</u>	<u>40,748,344</u>	<u>16,615,590</u>
Expenses					
Remuneration to the Management Company		3,806,817	2,996,553	1,245,761	546,445
Sales tax on remuneration to the Management Company		494,887	389,554	161,949	71,038
Accounting and operational charges	10.3	-	599,309	-	109,287
Remuneration to the Trustee		1,189,303	705,666	406,227	132,367
Sales tax on remuneration to the trustee		154,609	91,738	52,809	17,208
Annual fee to the Securities and Exchange Commission of Pakistan		317,146	119,862	108,327	21,858
Bank charges and settlement fee		26,127	68,146	11,343	23,050
Securities transaction cost		577,769	240,323	66,037	77,959
Auditors' remuneration		367,025	357,625	71,582	71,582
Shariah advisory fee		533,785	122,120	204,294	22,917
Listing fee		18,750	18,750	6,250	6,250
SECP supervisory fee on listing fee		1,875	1,875	625	625
Mutual fund rating fee		191,240	173,116	63,796	57,285
Provision for Sindh Workers' Welfare Fund	12.1	2,116,386	1,501,213	767,001	309,235
		<u>9,795,719</u>	<u>7,385,850</u>	<u>3,166,001</u>	<u>1,467,106</u>
Net income for the period before taxation		<u>103,702,928</u>	<u>73,555,398</u>	<u>37,582,343</u>	<u>15,148,484</u>
Taxation	14	-	-	-	-
Net income for the period after taxation		<u>103,702,928</u>	<u>73,555,398</u>	<u>37,582,343</u>	<u>15,148,484</u>
Allocation of Net Income for the period					
Net income for the period		103,702,928	73,555,398	37,582,343	15,148,484
Income already paid on units redeemed		(13,111,533)	(8,543,259)	(8,869,055)	(1,319,575)
		<u>90,591,395</u>	<u>65,012,139</u>	<u>28,713,288</u>	<u>13,828,909</u>
Accounting Income available for distribution:					
Relating to Capital Gain		(15,642,830)	923,211	(8,646,369)	1,889,955
Excluding Capital Gain		106,234,225	64,088,928	37,359,657	11,938,954
		<u>90,591,395</u>	<u>65,012,139</u>	<u>28,713,288</u>	<u>13,828,909</u>
		<u>90,591,395</u>	<u>65,012,139</u>	<u>28,713,288</u>	<u>13,828,909</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

JS Islamic Income Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS & THREE MONTHS PERIOD ENDED MARCH 31, 2021

	Nine months period ended		Three months period ended	
	31 March		31 March	
	2021	2020	2021	2020
	(Rupees)			
Net income for the period before taxation	103,702,928	73,555,398	37,582,343	15,148,484
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>103,702,928</u>	<u>73,555,398</u>	<u>37,582,343</u>	<u>15,148,484</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	Note	Nine months period ended	
		31 March 2021	31 March 2020
----- (Rupees) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		103,702,928	73,555,398
Adjustments for:			
Return / mark-up on balances with banks and investments		(119,113,388)	(79,956,404)
Net realized loss on sale of investments		2,755,231	799,105
Net Unrealised loss/ (gain) on revaluation of held for trading - net		12,887,599	(1,783,949)
		(103,470,558)	(80,941,248)
Decrease / (increase) in assets			
Deposits, Prepayment and other receivable		162,127	146,726
		162,127	146,726
(Decrease) / increase in liabilities			
Remuneration payable to the Management Company		113,021	(289,869)
Remuneration payable to the Trustee		67,294	(50,614)
Sales Tax payable on Trustee remuneration		8,750	(6,580)
Annual fee payable to Securities and Exchange Commission of Pakistan		162,571	(446,172)
Accrued expenses and other liabilities		(289,286)	1,579,510
		62,350	786,275
Payments on investments - net		(971,119,542)	78,263,923
Profit received on balances with banks and investments		90,803,669	86,439,256
Net cash (used in) / generated from operating activities		(879,859,026)	158,250,330
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		1,621,700,797	688,631,534
Amount paid / payable on redemption of units		(1,082,024,925)	(1,233,139,280)
Dividend paid		-	(45,818,196)
Net cash flows from financing activities		539,675,872	(590,325,942)
Net increase in cash and cash equivalents during the period		(340,183,154)	(432,075,612)
Cash and cash equivalents at beginning of the period		1,272,685,889	749,258,992
Cash and cash equivalents at end of the period	7	932,502,735	317,183,380

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

JS Islamic Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	For the nine months period ended March 31,					
	2021			2020		
	Rupees			Rupees		
Capital Value	Undistribut d income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total	
Net assets at beginning of the period	1,525,790,169	12,249,328	1,538,039,497	998,854,896	5,287,813	1,004,142,709
Issue of 15,605,129 (2020: 6,733,266) units	1,599,213,712	-	1,599,213,712	682,416,497	-	682,416,497
- Element of Loss	22,487,085	-	22,487,085	6,215,037	-	6,215,037
-Total proceeds on issuance of units	1,621,700,797	-	1,621,700,797	688,631,534	-	688,631,534
Redemption of 10,339,131 (2020: 12,045,800) units	(1,050,685,105)	-	(1,050,685,105)	(1,212,298,522)	-	(1,212,298,522)
- Amount paid / payable on redemption of units	(18,228,287)	-	(18,228,287)	(12,297,499)	-	(12,297,499)
- Element of income	-	(13,111,533)	(13,111,533)	-	(8,543,259)	(8,543,259)
- Income paid on redemption of units	(1,068,913,392)	(13,111,533)	(1,082,024,925)	(1,224,596,021)	(8,543,259)	(1,233,139,280)
Total comprehensive income for the period	-	103,702,928	103,702,928	-	73,555,398	73,555,398
Distribution during the period	-	-	-	-	-	-
Interim distribution during the period: Nil (September 06 2019: Rs. 1.92 per Unit)	-	-	-	-	-	-
Interim distribution during the period: Nil (October 04 2019: Rs. 1.05 per Unit)	-	-	-	(19,401,554)	(19,401,554)	(19,401,554)
Interim distribution during the period: Nil (November 01 2019: Rs. 1.06 per Unit)	-	-	-	(10,400,287)	(10,400,287)	(10,400,287)
Interim distribution during the period: Nil (December 06 2019: Rs. 1.00 per Unit)	-	-	-	(10,652,310)	(10,652,310)	(10,652,310)
Net income for the period less distribution	-	103,702,928	103,702,928	-	27,737,202	27,737,202
Net assets at end of the period	2,056,090,489	102,840,723	2,181,418,297	462,890,409	24,481,756	487,372,165
Undistributed income / (loss) brought forward						
- Realised income		17,593,850			6,985,057	
- Unrealised (loss) / income		(5,344,522)			(1,697,244)	
		12,249,328			5,287,813	
Accounting income available for distribution						
- Relating to capital gains		(15,642,830)			923,211	
- Excluding capital gains		106,234,225			64,088,928	
		90,591,395			65,012,139	
Net loss for the period after taxation						
Distribution during the period		-			(45,818,196)	
Undistributed loss carried forward		102,840,723			24,481,756	
Undistributed loss carried forward						
- Realised income		99,824,551			24,221,290	
- Unrealised (loss) / income		3,016,172			260,466	
		102,840,723			24,481,756	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			102.48			101.35
Net assets value per unit at end of the period			107.60			106.06

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

JS Islamic Income Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Fund is governed under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. It has been constituted under a revised Trust Deed, dated June 21, 2017, between JS Investments Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 (Now Companies Act, 2017) and MCB Financial Services Limited (MCBFSL) as the Trustee. The registered office of the Management Company is located at 19th Floor, The Centre, Saddar, Karachi, Pakistan.

The Fund is an open end mutual Fund and is listed on the Pakistan Stock Exchange Limited. The Fund offers units for public subscription on a continuous basis. These can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Scheme is a 'Shariah Compliant Income Scheme' (based on Wakalat ul Istithmar) as per the criteria for the categorization of open-end collective investment schemes specified by the Securities and Exchange Commission of Pakistan (SECP). The objective of the Fund is to generate stable returns and ensure capital preservation over medium to long term, by investing primarily in quality Sukuks, Shariah-compliant Government Securities, Shariah-compliant Bank Deposits and other Shariah-compliant debt instruments.

The Scheme is required to keep a minimum exposure of 25% in cash and near cash instruments. The Fund, in line with its investment objective, will invest in authorized investments only. In keeping with the investment objective, the Scheme's Net Assets shall be invested in quality Shariah-compliant debt instruments including, but not limited to Sukuks, Ijarah Sukuks, Shariah-compliant bank deposits and other Shariah-compliant debt instruments. Weighted average time to maturity of the net assets shall not exceed 4 years; however, this condition shall not apply to securities issued by the Federal Government.

Title to the assets of the Fund is held in the name of MCB Financial Services Limited as a Trustee of the Fund.

The Pakistan Credit Rating Agency (PACRA) reaffirmed the stability rating of "AA- (f)" (Double A Minus – Fund Rating) to the Fund. The Fund's rating denotes a strong capacity to maintain high degree of stability in returns and possesses low exposure to risks.

Transactions are undertaken by the Fund in accordance with the guidelines issued by the Shariah Advisory

During the current period, the Trust Act, 1882 has been repealed due to promulgation of provincial trust acts as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration and annual renewal requirements under the relevant trust acts have been introduced. The Management Company in consultation with the Mutual Funds Association of Pakistan (MUFAP) and the Trustee is currently deliberating upon the requirements of the newly enacted provincial trust acts and their

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

JS Islamic Income Fund

Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and

Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), 'Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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 directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

The comparative statement of assets and liabilities presented in these condensed interim financial statements as at March 31, 2021 has been extracted from the audited financial statements of the Fund for the year ended June 30, 2020, whereas the comparative income statement, statement of comprehensive income, the cash flow statement and statement of movement in unit holders' Fund for the nine months period ended March 31, 2021 have been extracted from the unaudited condensed interim financial statements for the period then ended.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended June 30, 2020. However, selected explanatory notes are included to explain events and transactions that are significant.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at March 31, 2021.

2.2. Basis of Measurement

These condensed financial statements have been prepared under the historical cost convention except that certain financial assets are measured at fair value.

2.3. Functional and Presentation Currency

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

2.4. Summary of significant event or transaction

There are no significant event or transactions occurred during the period.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of these condensed interim financial statements and financial risk management objectives and policies are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.



The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.

4. Standards, Amendments and Interpretations to Approved Accounting Standards

4.1. Standards, amendments and interpretations to the published standards that are relevant to the Fund and adopted in the current year

The Fund has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 - Covid-19 Related rent concessions (Amendments to IFRS 16)	June 1, 2020

Adoption of the above standard have no significant effect on the amounts for the period ended March 31, 2021 except for those mentioned in change in accounting policy note.

4.2. Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Fund

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 9 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendments to IFRS 9)	January 1, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
IAS 16 - Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
IAS 41 - Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS)	January 1, 2022

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)

Following new standards 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.

JS Islamic Income Fund

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with these disclosed in the financial statements as at and for the year ended 30 June 2020.

6. TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the nine months period ended 31 March 2021 is 0.62% YTD which includes 0.20% representing government levies on the Fund such as federal excise duties and sales taxes, Workers' Welfare Fund, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorized as a Shariah compliant Income scheme.

7. BALANCES WITH BANKS	Note	(Unaudited) March 31 2021	(Audited) June 30 2020
		----- Rupees -----	
- In savings accounts	7.1	928,141,280	1,271,377,284
- Current account	7.2	4,361,455	1,308,605
		<u>932,502,735</u>	<u>1,272,685,889</u>

7.1. This includes bank balance with Bank Islami Pakistan Limited (related party) of Rs. 0.37 million (2020: Rs. 1,028 million) carrying profit at 6.00% (2020: 6.50%) per annum Other profit and loss sharing accounts carrying profit rates ranging from 5.00% to 7.00% (2020: 5.00% to 13.25%) per annum.

7.2. This represents bank balance with JS Bank Limited (related party) with no profit accrual.

8. INVESTMENTS	Note	(Unaudited) March 31 2021	(Audited) June 30 2020
		----- Rupees -----	
At fair value through profit or loss - held-for-trading		(Un-audited)	(Audited)
Sukuk certificates	8.1	1,027,876,364	264,593,322
At amortized cost - Loans and Receivables			
Commercial Paper	8.2	192,193,670	-
		<u>1,220,070,034</u>	<u>264,593,322</u>

As at July 01, 2020	Acquired during the period	Matured/ disposed during the period	As at March 31, 2021	Carrying value	Market value	% of net assets
-----Number of certificates-----			-----Rupees-----			

8.1 Sukuk certificates - Unlisted

Face value of Rs 100,000/-each

Aspin Pharma (Private) Limited - 30-11-2017	1,030	317	-	1,347	74,767,612	74,792,257	3.43
Byco Petroleum Pakistan Limited - 17-01-2017	-	2,000	-	2,000	116,616,930	116,504,256	5.34
Pakistan Ijara Sukuk Bonds - 29-07-2020	-	2,000,000	-	2,000,000	199,869,015	197,000,000	9.03
Pakistan Ijara Sukuk Bonds - 30-04-2020	1,875,000	-	1,875,000	-	-	-	-
Hub Power Holdings Limited Sukuk 12-11-2020	-	4,100	-	4,100	348,107,939	338,079,850	15.50
Sukuk certificates - listed							
Dawood Hercules Corporation Limited I	2,800	30,000	-	-	-	-	-
Pakistan Energy Sukuk II 21-05-2020	-	60,000	-	60,000	301,402,466	301,500,000	13.82
Investments at Fair value through P&L as at March 31, 2021					1,040,763,962	1,027,876,364	47.12

Cost of Investments at Fair value through P&L as at March 31, 2021

1,030,892,536

8.2 These represent Commercial Paper placed with K-Electric Limited carrying interest at the rate of 7.96% maturing on August 10, 2021.

(Un-audited)	(Audited)
March 31	June 30
2021	2020
----- Rupees -----	

9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security Deposits with National Clearing Company of Pakistan Limited	2,500,000	2,500,000
Security Deposits with Central Depository Company of Pakistan Limited	100,000	100,000
Mutual Fund Rating Fee	-	169,002
Prepaid listing & SECP Supervisory fees	6,875	-
Withholding tax	297,424	297,424
	2,904,299	3,066,426

10. PAYABLE TO THE MANAGEMENT COMPANY

According to the provisions of the Trust Deed of the Fund, the Management Company has charged its remuneration at the rate of 0.30% till August 20, 2020 and the revised rate is 0.23% w.e.f. August 21, 2020 (June 30, 2020: 0.50%) per annum on the average annual net assets of the Fund calculated on a daily basis.

	(Un-audited)	(Audited)
	March 31	June 30
	2021	2020
	----- Rupees -----	
Remuneration Payable to Management Company	417,600	329,900
Sales Tax payable on Management Company's remuneration	10.1 184,492	173,096
Federal Excise Duty payable on Management Company's remuneration	10.2 857,496	857,496
Accounting and Operational Charges payable	10.3 -	27,195
Sales load payable to Management Company	-	327
Other payable	71,565	30,118
	1,531,153	1,418,132

JS Islamic Income Fund

- 10.1** Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2020: 13%) on Management Company's remuneration through Sindh Sales Tax on Services Act, 2011 effective from July 01, 2011. Above liability includes Rs. 0.130 million (June 30, 2020: 0.130 million) accrued on Federal Excise Duty (FED) on the Management Company's remuneration. Had the provision on FED not been made, net asset value per unit of the Fund as at period end would have been higher by Re. 0.01 (June 30, 2020: Re. 0.01) per unit.
- 10.2** The legal status of applicability of Federal Excise Duty on the Fund is same as disclosed in note 15.3 to the annual audited financial statements of the Fund for the year ended June 30, 2020, and the appeal, filed by tax authorities against the order passed by Sindh High Court in the Honorable Supreme Court of Pakistan dated July 16, 2016, is
- In view of above, the Management Company, as a matter of abundant caution, is carrying provision for FED aggregating to Rs. 0.857 million as at March 31, 2021 (June 30, 2020: 0.857 million). Had the provision not been made, Net Asset Value per unit as at March 31, 2021 would have been higher by Re. 0.04 (June 30, 2020: Re. 0.06)
- 10.3** This represents reimbursement of certain expenses to the Management Company. 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 period, such expenses have been charged at the rate of 0.1% (June 30, 2020: 0.1%) of net assets of the Fund. The management has decided not to charge any accounting and operational charges for the same fund effective from July 01, 2020.

11. ANNUAL FEE OF SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

SECP vide SRO 685(I)/2019 has prescribed the rate of annual fee at 0.02% of the net assets of the fund and accordingly such fee has been charged at the rate of 0.02% of net assets during the period.

12. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		March 31 2021	June 30 2020
		----- Rupees -----	
Provision for Sindh Workers' Welfare Fund	12.1	7,288,576	5,172,190
Withholding tax payable		103,075	-
Withholding tax payable - Dividend		-	1,593,024
Payable Against Redemption of Units		-	10,061
Brokerage payable		-	7,876
Capital gain tax payable		45,843	785,741
Dividend Payable		211,460	211,460
Mutual Fund Rating Fee		22,238	-
Auditors' remuneration		187,297	258,860
CDC Custodian, Transc & Connect Fee Payable		1,977	-
Zakat payable		24,145	47,635
Others		164,067	251,117
		<u>8,048,678</u>	<u>8,337,964</u>

- 12.1.** The legal status of applicability of Sindh Workers' Welfare Fund (SWWF) is same as that disclosed in note 15.1 to the annual audited financial statements of the Fund for the year ended June 30, 2020.

As a matter of abundant caution, Management Company with effect from May 21, 2015 till March 31, 2021 is carrying provision for SWWF aggregating to Rs. 7.289 million (June 30, 2020: Rs. 5.172 million). Had the provision not been made, the Net Asset Value per unit of the Fund as at March 31, 2021 would have been higher by Re. 0.36

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at for the period ended March 31, 2021, (June 30, 2020: Nil).

14. TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income as reduced by the realized and unrealised capital gain for the year is distributed amongst the Fund's unit holders. Since the management intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

The Fund is exempt from provisions of section 113 (Minimum Tax) under the clauses IIA of Part IV of the second schedule of the Income Tax Ordinance, 2001.

15. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related party / connected person include JS Investments Limited being the Management Company, MCB Financial Services Limited being the Trustee, Jahangir Siddiqui and Co. Limited (holding 75.02% shares of JS Bank Ltd) being the holding company of JS Bank Limited (JSBL - which is the holding company of the Management Company - holding 84.56% shares of JS Investments Ltd), JS Global Capital Limited (which is a fellow subsidiary of JSBL - 83.53% shares held by JS Bank Ltd) and other associated companies of the Management Company and its subsidiaries, Key Management Personnel of the Management Company and other funds being managed by the Management Company and includes entities holding 10% or more in the units of the Fund as at 31 March 2021. It also includes the staff retirement benefits of the above related parties / connected persons.

15.1. Details of transactions with related parties / connected persons during the period	Note	March 31 2021	March 31 2020
		----- Rupees -----	
JS Investments Limited - Management Company			
Remuneration of the Management Company		3,806,817	2,996,553
Sales Tax on remuneration to the Management Company*		494,887	389,554
Accounting and Operational Charges		-	599,309
Issue of units: 382,292 (2020: Nil)		40,178,894	-
Redemption of units: 382,292 (2020: 489,904)		40,935,604	49,769,397
Reinvest in lieu of Dividend paid : Nil (2020: 16,161)		-	1,640,275
Sales load		165,814	63,064
Other reimbursements		533,785	122,120
MCB Financial Services Limited - Trustee			
Remuneration of the trustee		1,189,303	705,666
Sales tax on trustee fee **		154,609	91,738
JS Bank Limited - Parent Company of JSIL			
Bank Charges		-	7,448
Bank Islami Pakistan Limited (Associate of ultimate Parent Company - JSCL)			
Interest income on bank balances		3,714,831	452,380
Bank Charges		916	34,849
JS Global Capital Limited (Fellow subsidiary of JSBL)			
Brokerage commission		48,750	-

JS Islamic Income Fund

	March 31 2021	March 31 2020
	----- Rupees -----	
JS Islamic Hybrid Fund Of Funds - Mufeed (Fund Under JSIL Management)		
Issue of units: Nil (2020: 29,530)	-	3,000,000
Redemption of units: Nil (2020: 124,298)	-	12,671,171
Units refunded as Capital : Nil (2020: 70)	-	-
Reinvest in lieu of Dividend paid : Nil (2020: 2,402)	-	243,733
JS Islamic Hybrid Fund Of Funds - Mustanad (Fund Under JSIL Management)		
Issue of units: Nil (2020: 936)	-	95,367
Redemption of units: Nil (2020: 2,211)	-	228,138
Units refunded as Capital : Nil (2020: 5)	-	-
Reinvest in lieu of Dividend paid : 21 (2020: 21)	-	2,178
JS Islamic Hybrid Fund Of Funds - Mutanasib (Fund Under JSIL Management)		
Issue of units: Nil (2020: 49,598)	-	5,038,618
Redemption of units: Nil (2020: 186,889)	-	19,099,283
Units refunded as Capital : Nil (2020: 117)	-	-
Reinvest in lieu of Dividend paid : Nil (2020: 3,195)	-	324,282
JS Islamic Hybrid Fund Of Funds - Mustahkem (Fund Under JSIL Management)		
Issue of units: Nil (2020: 2,448)	-	250,000
Redemption of units: Nil (2020: 7,659)	-	779,403
Units refunded as Capital : Nil (2020: 19)	-	-
Reinvest in lieu of Dividend paid : Nil (2020: 185)	-	18,741
	March 31 2021	March 31 2020
	----- Un-audited -----	
	----- Rupees -----	
15.1. Details of transactions with related parties / connected persons during the period	Note	
JS Islamic Hybrid Fund Of Funds - JSIAAP-I (Fund Under JSIL Management)		
Redemption of units: Nil (2020: 840,227)	-	85,652,766
Reinvest in lieu of Dividend paid : Nil (2020: 15,590)	-	1,583,304
JS Islamic Hybrid Fund Of Funds - JSIAAP-II (Fund Under JSIL Management)		
Issue of units: Nil (2020: 193,892)	-	20,000,000
Redemption of units: Nil (2020: 6,212,898)	-	635,552,809
Units refunded as Capital : Nil (2020: 3,436)	-	-
Reinvest in lieu of Dividend paid : Nil (2020: 249,618)	-	25,336,077



JS Islamic Income Fund

	March 31 2021	March 31 2020
	----- Un-audited ----- ----- Rupees -----	
Key Management Personnel of the Management Company		
Issue of units: 49,828 (2020: 21,998)	5,175,075	2,267,068
Redemption of units: 59,480 (2020: 25)	6,196,687	2,560
Units refunded as Capital : Nil (2020: 13)	-	-
Cash Dividend	-	19,758
Reinvest in lieu of Dividend paid : Nil (2020: 550)	-	55,853
* Paid / payable to the Management Company for onwards payment to the Government.		
** Paid / payable to the Trustee for onward payment to the Government.		
	(Un-audited) March 31 2021	(Audited) June 30 2020
	----- Rupees -----	
15.2. Balances with related parties / connected persons as at period end	Note	
JS Investments Limited - Management Company		
Remuneration payable to the Management Company	417,600	329,900
Sales tax payable on Management Company's remuneration*	184,492	173,096
FED payable on Management Company's remuneration*	857,496	857,496
Shariah advisory fee	71,565	30,118
Sales load payable	754	327
AMC Reimbursements Payable Charged To Fund	-	27,195
MCB Financial Services Limited - Trustee		
Remuneration payable to the Trustee	136,169	68,875
Sales tax payable on Trustee remuneration **	17,702	8,952
JS Bank Limited - Parent Company of JSIL		
Bank balances (Current Account)	4,361,454	1,308,605
15.2. Balances with related parties / connected persons as at period end		
Bank Islami Pakistan Limited (Associate of ultimate Parent Company - JSCL)		
Bank balance	368,927	1,028,924,979
Return on bank balance receivable	2,760	3,633,184
JS Islamic Hybrid Fund Of Funds - Mustahkem (Fund Under JSIL Management)		
Units outstanding: 1,155 (2020: 1,155)	124,250	118,338
Entities holding 10% or more of units		
Units outstanding: 13,683,869 (30 June 2020: Nil)	1,472,384,258	-
Key Management Personnel of the Management Company		
Units outstanding: 33,204 (2020: 42,856)	3,572,713	4,391,845

* Paid / payable to the Management Company for onwards payment to the Government.

** Paid / payable to the Trustee for onward payment to the Government.

- 15.3.** The Transactions with related parties / connected persons are in the normal course of business at contracted rates and terms, determined in accordance with market rates.

JS Islamic Income Fund

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

16.1. Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices in active markets for identical assets.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

		Level 1	Level 2	Level 3	Total
March 31, 2021	(unaudited)	----- (Rupees) -----			
ASSETS					
Investments at fair value through P&L		-	1,220,070,034	-	1,220,070,034
			<u>1,220,070,034</u>		<u>1,220,070,034</u>
		Level 1	Level 2	Level 3	Total
June 30, 2020	(audited)	----- (Rupees) -----			
ASSETS					
Investments at fair value through P&L		-	264,593,322	-	264,593,322
			<u>264,593,322</u>		<u>264,593,322</u>



17. GENERAL

17.1. The corresponding figures have been re-arranged wherever necessary.

17.2. Figures have been rounded off to the nearest rupees.

17.3. The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also impacted the economy. On March 24, 2020, the Government announced a temporary lock down as a measure to reduce the spread of the COVID-19. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

18. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on April 23, 2021.

For JS Investments Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

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