



9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- Mr. Imran Sarwar
- Mr. Yasir Qadri
- Ms. Huma Pasha
- Ms. Sadia Saeed
- Syed Furrukh Zaeem

Executives

- Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - Mr. Umair Ahmed (Chief Financial Officer)
 - Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Executive Officer (CEO) and CFO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Huma Pasha*	Chairman	Independent Director
Mr. Arif Akmal Saifia	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed**	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Ms. Huma Pasha*	Member	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Sadia Saeed**	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifi	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

* Ms. Huma was appointed as a director with effect from September 04, 2020

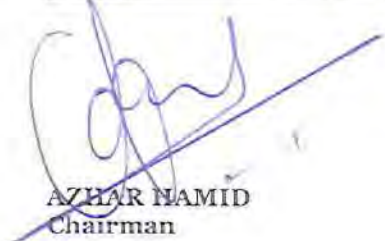
** Ms. Sadia Saeed has resigned effective July 19, 2021

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:
- The Board Audit Committee: quarterly - four meetings held
 - The Board Human Resource and Compensation Committee: quarterly – four meetings held
 - The Board Risk and Compliance Committee: quarterly - four meetings held



15. The Board has set up an effective internal audit function. The function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is as follows:

S.no	Non-Mandatory Requirement	Reg. No.	Explanation
1.	Independent Director The independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher. When there are seven directors on the board of the company the fraction of independent director share comes at 2.33. The company may round up or provide reason for contrary.	6	The two independent directors have requisite education and extensive and suitable experience to carry out their responsibilities, therefore the Board has not appointed the third independent director.
2.	Nomination Committee The board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29	Currently, the board has not constituted a separate NC and the functions are being performed by the BHRCC


AZHAR HAMID
Chairman

Karachi.
Dated: August 17, 2021

To the unitholders of UBL Asset Allocation Fund

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

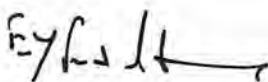
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Asset Allocation Fund** (the Fund) for the year ended **30 June 2021** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, the Fund's related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2021.



Chartered Accountants

Place: Karachi

Date: 24 September 2021

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Asset Allocation Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2021**, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of bank balances and investments	
As disclosed in notes 6 and 7 to the accompanying financial statements of the Fund for the period ended 30 June 2021, the bank balances and investments (comprised of equity securities) held by the Fund represent 97% of the total assets of the Fund as at the period end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2021 and reconciled it with the books and records of the Fund. - We tested controls over acquisition, disposals and periodic valuation of investments portfolio.

-: 2 :-

Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

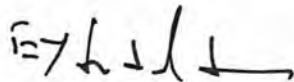
matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Date: 24 September 2021

Karachi

UBL ASSET ALLOCATION FUND
STATEMENT OF ASSETS & LIABILITIES
AS AT JUNE 30, 2021

	June 30, 2021	June 30, 2020
Note	----- (Rupees in '000) -----	
ASSETS		
Bank balances	6 339,281	140,680
Investments	7 647,052	627,756
Dividend and mark-up receivable	8 10,936	18,994
Advance tax	9 1,723	1,162
Deposits and other receivables	10 17,145	12,319
Receivable against sale of investments	653	166,943
Total assets	1,016,790	967,854
LIABILITIES		
Payable to the Management Company	11 7,646	4,024
Payable to the Trustee	12 192	180
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	13 217	223
Accrued expenses and other liabilities	14 32,759	33,229
Payable against purchase of investments	103,655	3,924
Total liabilities	144,469	41,580
NET ASSETS	<u>872,321</u>	<u>926,274</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u>872,321</u>	<u>926,274</u>
CONTINGENCIES AND COMMITMENTS	16	
	----- (Number) -----	
NUMBER OF UNITS IN ISSUE	<u>5,862,380</u>	<u>6,796,657</u>
	----- (Rupees) -----	
NET ASSETS VALUE PER UNIT	<u>148.7998</u>	<u>136.2837</u>

The annexed notes 1 to 24 form an integral part of financial information.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL ASSET ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
Note	----- (Rupees in '000) -----	
Income		
Financial income on:		
- Bank balances	14,955	38,766
- Term Deposit Receipts	579	732
- Government Securities	25,195	31,687
- Term Finance Certificates / Sukuk	9,427	18,243
Capital gain on sale of investments classified as 'at fair value through profit or loss' - net	77,642	45,018
Dividend income	27,823	26,485
Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss' - net	39,052	(1,180)
Other income	469	477
Total income	195,142	160,228
Expenses		
Remuneration of the Management Company	11.1 10,843	11,175
Sales tax on Management fee	11.2 1,410	1,453
Allocated expenses by the Management Company	11.3 1,084	1,118
Selling and marketing expense	11.4 11,276	8,073
Remuneration of the Trustee	12.1 2,079	2,098
Sales tax on remuneration of the Trustee	12.2 270	273
Annual fee to Securities and Exchange Commission of Pakistan	13 217	223
Auditors' remuneration	17 847	653
Legal and professional charges	349	212
Brokerage and settlement expenses	2,282	2,156
Listing fee expense	27	27
Bank charges and other expenses	44	71
Total expenses	30,728	27,532
Net income for the year from operating activities	164,414	132,696
Provision for Sindh Workers' Welfare Fund (SWWF)	14.2 (3,225)	(2,603)
Net income for the year before taxation	161,189	130,093
Taxation	18 -	-
Net income for the year after taxation	161,189	130,093
<i>Allocation of net income for the year:</i>		
Net income for the year after taxation	161,189	130,093
Income already paid on units redeemed	(54,968)	(42,193)
	106,221	87,900
<i>Accounting income available for distribution:</i>		
- Relating to capital gains	74,434	11,725
- Excluding capital gains	31,787	76,175
	106,221	87,900
Earnings per unit	23.2	

The annexed notes 1 to 24 form an integral part of financial information.

For UBL Fund Managers Limited
(Management Company)

SD

 Chief Executive Officer

SD

 Chief Financial Officer

SD

 Director

UBL ASSET ALLOCATION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Net income for the year after taxation	161,189	130,093
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>161,189</u></u>	<u><u>130,093</u></u>

The annexed notes 1 to 24 form an integral part of financial information.

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

SD

Chief Executive Officer

SD

Chief Financial Officer

SD

Director

UBL ASSET ALLOCATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	161,189	130,093
Adjustments for:		
Financial income	(50,156)	(89,428)
Capital gain on sale of investments classified as 'at fair value through profit or loss' - net	(77,642)	(45,018)
Dividend income	(27,823)	(26,485)
Unrealised (gain)/loss on revaluation of investments classified as 'at fair value through profit or loss' - net	(39,052)	1,180
Provision for Sindh Workers' Welfare Fund (SWWF)	(3,225)	(2,603)
	<u>(197,898)</u>	<u>(162,354)</u>
Net cash flows used in operations before working capital changes	(36,709)	(32,261)
 <i>(Increase) / decrease in assets</i>		
Investments	97,398	207,515
Advance tax	(561)	(43)
Deposits and other receivables	(4,826)	(1,760)
Receivable against sale of investments	166,290	(159,838)
	<u>258,301</u>	<u>45,874</u>
 <i>Increase / (decrease) in liabilities</i>		
Payable to the Management Company	3,622	960
Payable to the Trustee	12	(45)
Annual fee Payable to SECP	(6)	(1,618)
Accrued and other liabilities	2,755	17,023
Payable against purchase of investments	99,731	3,226
	<u>106,114</u>	<u>19,546</u>
Mark-up and dividend received	86,037	118,454
Net cash flows generated from operating activities	<u>413,743</u>	<u>151,613</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	1,240,643	251,706
Cash dividend paid during the year	(47,588)	(65,476)
Payments on redemption of units	(1,408,197)	(763,865)
Net cash flows used in financing activities	<u>(215,142)</u>	<u>(577,635)</u>
Net increase / (decrease) in cash and cash equivalents	198,601	(426,022)
Cash and cash equivalents at beginning of the year	140,680	566,702
Cash and cash equivalents at end of the year	<u><u>339,281</u></u>	<u><u>140,680</u></u>
 CASH AND CASH EQUIVALENTS		
Bank balances	339,281	140,680
Term deposit receipt - 3 months	-	-
	<u><u>339,281</u></u>	<u><u>140,680</u></u>

The annexed notes 1 to 24 form an integral part of financial information.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL ASSET ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	For the year ended June 30, 2021			For the year ended June 30, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the year	501,534	424,740	926,274	971,500	402,316	1,373,816
Amount received on issuance of 8,281,154 units (2020: 1,818,721 units)						
Capital value	1,128,586	-	1,128,586	240,501	-	240,501
Element of income during the year;						
- Relating to net income for the year after taxation	119,861	-	119,861	16,240	-	16,240
	1,248,447	-	1,248,447	256,741	-	256,741
Amount paid on redemption of 9,215,431 units (2020: 5,411,139 units)						
Capital value	(1,255,913)	-	(1,255,913)	(715,551)	-	(715,551)
Element of income during the year;						
- Relating to income earned	(97,316)	(54,968)	(152,284)	(6,121)	(42,193)	(48,314)
	(1,353,229)	(54,968)	(1,408,197)	(721,672)	(42,193)	(763,865)
Total comprehensive income / loss for the year	-	161,189	161,189	-	130,093	130,093
Distribution during the year of Rs.10 on June 30, 2021 (2020: Rs.10.8102 on June 30, 2020)	(7,804)	(47,588)	(55,392)	(5,035)	(65,476)	(70,511)
Net income for the year less distribution	(7,804)	113,601	105,797	(5,035)	64,617	59,582
Net assets at end of the year	388,948	483,373	872,321	506,569	424,740	926,273
Undistributed income brought forward:						
- Realised	-	425,920	425,920	-	530,798	530,798
- Unrealised	-	(1,180)	(1,180)	-	(128,482)	(128,482)
	-	424,740	424,740	-	402,316	402,316
Accounting income available for distribution:						
- Relating to capital gains	-	74,434	74,434	-	11,725	11,725
- Excluding capital gains	-	31,787	31,787	-	76,175	76,175
	-	106,221	106,221	-	87,900	87,900
Net loss for the year after taxation	-	-	-	-	-	-
Distribution during the year of Rs.10 on June 30, 2021 (2020: Rs.10.8102 on June 30, 2020)	-	(47,588)	(47,588)	-	(65,476)	(65,476)
Undistributed income carried forward	-	483,373	483,373	-	424,740	424,740
Undistributed income carried forward						
- Realised	-	444,321	444,321	-	425,920	425,920
- Unrealised	-	39,052	39,052	-	(1,180)	(1,180)
	-	483,373	483,373	-	424,740	424,740
				- (Rupees) -		- (Rupees) -
Net assets value per unit at beginning of the year			<u>136.2837</u>			<u>136.2838</u>
Net assets value per unit at end of the year			<u>148.7998</u>			<u>136.2837</u>

The annexed notes 1 to 24 form an integral part of financial information.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL ASSET ALLOCATION FUND
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** UBL Asset Allocation Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open end mutual fund by the Securities and Exchange Commission of Pakistan. It was constituted under a Trust Deed, dated May 29, 2013 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited ("CDC") as the Trustee.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP. The registered office of the Management Company is situated at 4th Floor STSM Building, Beaumont Road, Civil Lines Karachi.
- 1.3** The Fund is an open end mutual fund and units of the fund are listed on the Pakistan Stock Exchange Limited. The units of the Fund can be transferred to/from other funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The units of the Fund were initially offered to the public (IPO) on August 19, 2013. The Fund commenced its operations from August 20, 2013.
- 1.4** The policy of the Fund is to invest in a diversified portfolio of shares of listed companies, spread transactions and other money market instruments. Under circular 07 dated March 06, 2009 issued by the SECP, the Fund has been categorised by the Management Company as an Asset Allocation Fund.
- 1.5** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6** VIS Credit Rating Company Limited has re-affirmed an asset manager quality rating of 'AM1' (stable outlook) to the Management Company on December 31, 2020.
- 1.7** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration.

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
 - The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

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

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which are measured at fair value.

3.2 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years

4.1 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at

4.3.2 Initial Measurement

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Subsequent Measurement

Debt instruments at Amortized Cost

After initial measurement, such debt instruments are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from CIS units measured at FVTPL is recorded in profit or loss when the right to the payment has been

4.3.3 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

4.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

4.5 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

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

4.6 Offsetting of financial assets and liabilities

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

4.7 Provisions

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

4.8 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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

4.9 Dividend distribution and appropriations

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

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

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.

4.10 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received, by the distributors / Management Company during business hours, as of the close of the previous day on which the applications were received. The offer price represents the net assets value per unit as of the close of previous day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.11 Net asset value per unit

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

4.12 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / mark-up on bank balances, term deposit receipts and government securities is recognised on effective interest rate method.

4.13 Expenses

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

4.14 Preliminary expenses and floatation cost

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund as preliminary expenses and floatation costs which are to be amortized by the Fund over a period of five years commencing from November 07, 2010 in accordance with the Trust Deed.

4.15 Unitholders' fund

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

4.16 Element of income / (loss) and capital gain / (losse) included in price of units issued less those in units redeemed

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

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – - Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2022

	Note	June 30, 2021	June 30, 2020
6. BANK BALANCES	----- (Rupees in '000) -----	-----	-----
Saving accounts	6.1	<u>339,281</u>	<u>140,680</u>

6.1 These carry mark-up at the rates ranging from 5.5% to 9% (June 30, 2020: 6% to 8.50%) per annum and include a balance of Rs.9.79 (June 30, 2020: Rs.3.03) million held with United Bank Limited (a related party).

	Note	June 30, 2021	June 30, 2020
7. INVESTMENTS	----- (Rupees in '000) -----	-----	-----
At Fair Value Through Profit or Loss			
- Government securities - Market treasury bills	7.1	-	47,548
- Government securities - Pakistan Investment Bonds	7.2	200,340	100,590
- Debt securities - Term Finance Certificates / Sukuks	7.3	116,158	109,772
- Quoted equity securities	7.4	330,554	369,846
		<u>647,052</u>	<u>627,756</u>

7.1 Government securities - Treasury Bills 'at fair value through profit or loss'
(certificates having a nominal value of Rs.100,000 each)

Particulars	Note	As at July 01, 2020	Purchased during the year	Disposed / matured during the year	As at June 30, 2021	Balance as at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation		
						----- (Rupees in '000) -----			----- % -----	
Market treasury bills - 12 months		500	-	(500)	-	-	-	-	0.00%	0.00%
Market treasury bills - 6 months		-	750	(750)	-	-	-	-	-	-
Market treasury bills - 3 months		-	8,860	(8,860)	-	-	-	-	-	-
June 30, 2021						<u>-</u>	<u>-</u>	<u>-</u>		
June 30, 2020						<u>46,472</u>	<u>47,548</u>	<u>1,076</u>		

7.2 Government securities - Pakistan Investment Bonds 'at fair value through profit or loss'
(certificates having a nominal value of Rs.100 each)

Particulars	Note	As at July 01, 2020	Purchased during the year	Disposed / matured during the year	As at June 30, 2021	Balance as at June 30, 2021			Market value as a percentage of net assets	Market value as a percentage of total investments
						Carrying value	Market value	Appreciation		
						----- (Rupees in '000) -----			----- % -----	
Pakistan Investment Bonds - 10 years	7.2.1	1,000,000	-	-	1,000,000	100,600	100,230	(370)	11.49%	15.49%
Pakistan Investment Bonds - 3 years		-	7,000,000	(6,000,000)	1,000,000	100,110	100,110	-	11.48%	15.47%
June 30, 2021						<u>200,710</u>	<u>200,340</u>	<u>(370)</u>		
June 30, 2020						<u>99,740</u>	<u>100,590</u>	<u>850</u>		

7.2.1 This Pakistan Investment Bonds carry interest at the rate ranging from 8.058% to 8.55% per annum (2020: 11.05% to 13.93% per annum). These will mature latest by August 09, 2028.

7.3 Investment in debt securities - at fair value through profit or loss

Name of Security	Note	As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Appreciation / (Diminution)	Percentage of total investments	Percentage of net assets
		----- (Number of certificates) -----				----- (Rupees in '000) -----				
Unquoted										
Investment banks / investment companies / securities companies										
Dawood Hercules Corporation Limited - Sukuk		40	900	(940)	-	-	-	-	0.00%	0.00%
Cement										
Javedan Corporation Limited - Sukuk		150	-	(150)	-	-	-	-	0.00%	0.00%
Quoted										
Investment banks / investment companies / securities companies										
Jahangir Siddiqui & Company Limited - TFC (5th Issue) (Face value at Rs.2,375 each)	7.3.1 & 7.3.2	30,000	-	-	30,000	69,650	71,524	1,874	11.05%	8.20%
Banks										
Habib Bank Limited - Term Finance Certificate		-	160	(160)	-	-	-	-	0.00%	0.00%
Bank Alfalah Limited - TFC Series A (15-01-21) (Face value at Rs.5,000 each)	7.3.1 & 7.3.2	-	9,000	-	9,000	45,000	44,634	(366)	6.90%	5.12%
Total as at June 30, 2021		<u>30,190</u>	<u>10,060</u>	<u>(1,250)</u>	<u>39,000</u>	<u>114,650</u>	<u>116,158</u>	<u>1,508</u>		
Total as at June 30, 2020						<u>110,619</u>	<u>109,772</u>	<u>(847)</u>		

7.3.1 These carry effective interest rate from 7.56% to 9.02% (June 2020: from 9.31% to 14.89%).

7.3.2 Significant terms and conditions of term finance certificates outstanding as at June 30, 2021 are as follows:

Name of securities	Mark-up rate (per annum)	Issue date	Maturity date
Jahangir Siddiqui & Company Limited - TFC (5th Is 7.3.3)	6 Months KIBOR +1.4%	18-Jul-17	18-Jul-22
Bank Alfalah Limited - TFC Series A (15-01-21)	9.03%	15-Jan-21	15-Jan-24

7.3.3 During the year the profit payments of this sukuk were rescheduled resulting in a change of profit payment date from July 9, 2021 to June 30, 2021, subsequent profit payments will be made on 6 monthly basis with reference to rescheduled date.

7.4 Quoted equity securities - 'at fair value through profit or loss'

Name of the investee company	Note	As at July 01, 2020	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2021	Cost / carrying value as at June 30, 2021	Market value as at June 30, 2021	(Diminution) / appreciation	Percentage of total investments	Percentage of net assets	Paid-up capital of investee company (with face value of investment)
(Number of shares)						(Rupees in '000)			(%)			
Unless stated otherwise, the holdings are in ordinary shares of Rs.10 each.												
Oil and gas exploration companies												
Mari Petroleum Company Limited	7.4.2	32,651	9,360	-	(18,940)	23,071	29,297	35,169	5,872	5.44%	4.03%	0.02%
Oil & Gas Development Company Limited		199,000	204,500	-	(258,200)	145,300	14,815	13,808	(1,007)	2.13%	1.58%	0.00%
Pakistan Petroleum Limited	7.4.1 & 7.4.2	108,350	227,500	-	(175,600)	160,250	14,025	13,915	(110)	2.15%	1.60%	0.06%
Attock Petroleum Limited		2,500	-	-	(2,500)	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Oil Fields Limited		28,560	37,400	-	(63,678)	2,282	780	899	119	0.14%	0.10%	0.00%
							58,917	63,791	4,874	9.86%	7.31%	0.08%
Oil and gas marketing companies												
Sui Northern Gas Pipelines Limited		-	55,000	-	(55,000)	-	-	-	-	0.00%	0.00%	0.00%
Pakistan State Oil Company Limited	7.4.2	26,260	3,600	-	(28,633)	1,227	261	275	14	0.04%	0.03%	0.00%
							261	275	14	0.04%	0.03%	0.00%
Investment banks / investment companies												
Arif Habib Limited		57,500	-	-	(57,500)	-	-	-	-	0.00%	0.00%	0.00%
Power generation and distribution												
Hub Power Company Limited		270,762	195,000	-	(251,509)	214,253	16,901	17,070	169	2.64%	1.96%	0.02%
Kot Addu Power Company Limited		-	197,000	-	(197,000)	-	-	-	-	0.00%	0.00%	0.00%
Nishat Power Limited		-	80,000	-	(16,500)	63,500	1,286	1,248	(38)	0.19%	0.14%	0.02%
Pakgen Power Limited		396,000	42,000	-	(438,000)	-	-	-	-	0.00%	0.00%	0.00%
Lalpir Power Limited		-	563,000	-	(563,000)	-	-	-	-	0.00%	0.00%	0.00%
Saif Power Limited		443,498	32,000	-	(474,500)	998	16	17	1	0.00%	0.00%	0.00%
							18,203	18,335	132	2.83%	2.10%	0.03%
Chemicals												
ICI Pakistan Limited		4,600	-	-	(1,550)	3,050	2,119	2,650	531	0.41%	0.30%	0.00%
Engro Polymer & Chemicals Limited		127,868	109,000	-	(154,000)	82,868	2,648	3,915	1,267	0.61%	0.45%	0.01%
							4,767	6,565	1,798	1.01%	0.75%	0.01%
Fertilizer												
Engro Corporation Limited		109,340	44,500	-	(117,665)	36,175	10,745	10,658	(87)	1.65%	1.22%	0.01%
Engro Fertilizers Limited	7.4.1	238,855	84,000	-	(314,794)	8,061	491	566	75	0.09%	0.06%	0.00%
Fauji Fertilizer Bin Qasim Limited		4,000	204,000	-	(38,500)	169,500	4,636	4,476	(160)	0.69%	0.51%	0.02%
Fauji Fertilizer Company Limited		80,700	246,000	-	(167,238)	159,462	17,151	16,919	(232)	2.61%	1.94%	0.01%
							33,023	32,619	(404)	5.04%	3.74%	0.04%
Cement												
Kohat Cement Company Limited		65,770	74,500	-	(67,000)	73,270	12,406	15,130	2,724	2.34%	1.73%	0.04%
Pioneer Cement Limited		-	34,000	-	(19,000)	15,000	1,817	1,966	149	0.30%	0.23%	0.01%
Maple Leaf Cement Factory Limited		-	12,000	-	(2,800)	9,200	396	432	36	0.07%	0.05%	0.00%
Lucky Cement Limited		38,833	25,800	-	(46,220)	18,413	11,864	15,899	4,034	2.46%	1.82%	0.01%
							26,484	33,427	6,943	5.17%	3.83%	0.05%
Automobile parts and accessories												
Thal Limited *		26,550	19,200	-	(16,800)	28,950	10,899	12,239	1,340	1.89%	1.40%	0.07%
Panther Tyres Limited		-	44,000	-	(44,000)	-	-	-	-	0.00%	0.00%	0.00%
							10,899	12,239	1,340	1.89%	1.40%	0.07%
Automobile Assembler												
Ghandhara Nissan Limited		-	9,500	-	(9,500)	-	-	-	-	0.00%	0.00%	0.00%
Indus Motor Company Limited		-	2,000	-	(2,000)	-	-	-	-	0.00%	0.00%	0.00%
Pak Suzuki Motor Company Limited		-	23,000	-	(23,000)	-	-	-	-	0.00%	0.00%	0.00%
Honda Atlas Cars (Pakistan) Limited		-	24,000	-	20,500	44,500	1,276	1,210	(65)	0.19%	0.14%	0.03%
							1,276	1,210	(65)	0.19%	0.14%	0.03%
Leather and tanneries												
Service Industries Limited		1,150	11,650	6,174	(7,200)	11,774	4,669	6,919	2,250	1.07%	0.79%	0.06%

Name of the investee company	Note	As at July 01, 2020	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2021	Cost /	Market value	(Diminution) / Appreciation	Percentage of total investments	Percentage of net assets	Paid-up capital of investee company (with face value of investment)
							carrying value as at June 30, 2021	as at June 30, 2021				
						(Number of shares)	(Rupees in '000)			(%)		
Commercial banks												
Habib Bank Limited		158,900	197,500	-	(207,600)	148,800	17,562	18,209	647	2.81%	2.09%	0.01%
Allied Bank Limited		350,500	135,000	-	(277,000)	208,500	16,329	15,460	(869)	2.39%	1.77%	0.02%
Bank Alfalah Limited		304,273	271,000	-	(320,141)	255,132	8,595	8,210	(385)	1.27%	0.94%	0.01%
Bank Alhabib Limited		274,000	120,000	-	(216,039)	177,961	10,236	12,479	2,243	1.93%	1.43%	0.02%
Faysal Bank Limited		150	-	-	(142)	8	0	0	0	0.00%	0.00%	0.00%
United Bank Limited**	7.4.1	111,033	269,600	-	(216,400)	164,233	18,510	20,069	1,559	3.10%	2.30%	0.01%
							71,232	74,427	3,195	11.50%	8.53%	0.07%
Textile												
Nishat Mills Limited		69,200	21,000	-	(54,100)	36,100	2,980	3,368	388	0.52%	0.39%	0.01%
Kohinoor Textiles Limited		292,006	180,000	-	(195,560)	276,446	12,232	20,789	8,557	3.21%	2.38%	0.09%
Interloop limited		-	155,000	-	(72,000)	83,000	5,838	5,812	(26)	0.90%	0.67%	0.01%
Gul Ahmed Textile Mills Limited	7.4.2	171,700	267,000	160	(337,900)	100,960	5,196	5,122	(74)	0.79%	0.59%	0.03%
							26,246	35,091	8,845	5.42%	4.02%	0.14%
Engineering												
Agha Steel Industries Limited		-	148,000	-	(77,000)	71,000	2,485	2,395	(90)	0.37%	0.27%	0.01%
Aisha Steel Limited		-	361,000	-	(256,500)	104,500	2,517	2,603	86	0.40%	0.30%	0.01%
International Steels Limited		-	25,000	-	(5,900)	19,100	1,567	1,784	217	0.28%	0.20%	0.00%
International Industries limited		-	5,000	-	(1,100)	3,900	758	823	65	0.13%	0.09%	0.00%
							7,327	7,605	278	1.18%	0.87%	0.03%
Food and personal care products												
Unity Foods Limited		-	170,004	124,065	(294,000)	69	1	3	2	0.00%	0.00%	0.00%
Al Shaheer Corporation Limited		96,946	42,500	-	(139,446)	-	-	-	-	0.00%	0.00%	0.00%
							1	3	2	0.00%	0.00%	0.00%
Glass and ceramics												
Shabbir Tiles & Ceramics Limited		-	177,500	-	(4,500)	173,000	4,561	5,770	1,209	0.89%	0.66%	0.24%
Mutual Funds												
UBL Pakistan Enterprise Exchange Traded Fund**		-	71,000	-	-	71,000	1,074	998	(76)	0.15%	0.11%	2.05%
Transport												
Pakistan International Bulk Terminal Limited		-	445,000	-	(445,000)	-	-	-	-	0.00%	0.00%	0.00%
Technology and Communication												
TPL Trakker Limited		-	80,500	-	(80,500)	-	-	-	-	0.00%	0.00%	0.00%
Systems Limited		75,000	8,000	2,170	(69,600)	15,570	2,919	8,723	5,804	1.35%	1.00%	0.01%
							2,919	8,723	5,804	1.35%	1.00%	0.01%
Paper and board												
Packages Limited		2,400	-	-	(2,400)	-	-	-	-	0.00%	0.00%	-
Century Paper and Board Mills Limited		76,000	-	3,400	(79,400)	-	-	-	-	0.00%	0.00%	-
							-	-	-	0.00%	0.00%	0.00%
Insurance												
Adamjee Insurance Company Limited		358,756	138,000	-	(366,500)	130,256	4,575	5,402	827	0.83%	0.62%	0.04%
IGI Holdings Limited		30,000	-	-	(15,200)	14,800	2,678	2,865	187	0.44%	0.33%	0.01%
							7,253	8,267	1,014	1.28%	0.95%	0.05%
Pharmaceuticals												
The Searle Company Limited		27,940	42,500	7,400	(50,244)	27,596	6,169	6,695	526	1.03%	0.77%	0.01%
Glaxosmith Kline Consumer Healthcare Pakistan Limited		7,000	-	-	(7,000)	-	-	-	-	0.00%	0.00%	0.00%
Hignnoon Laboratories Limited	7.4.2	660	6,500	334	(311)	7,183	4,212	4,310	98	0.67%	0.49%	0.03%
							10,381	11,005	624	1.70%	1.26%	0.04%
Miscellaneous												
Shifa International Hospitals Limited		-	15,000	-	-	15,000	3,149	3,287	138	0.51%	0.38%	0.02%
Synthetic Products Enterprises Limited		-	45,000	-	(45,000)	-	-	-	-	0.00%	0.00%	0.00%
							3,149	3,287	138	0.51%	0.38%	0.02%
Total equity securities 'at fair value through profit or loss' as at June 30, 2021							292,641	330,554	37,914	51.09%	37.89%	

* These have a fair value of Rs. 5 per share.

** This represents investment held in a related party.

7.4.1 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin:

	June 30, 2021	
	(Number of shares)	(Rupees in '000)
Engro Corporation Limited	5,000	1,473
Lucky Cement Limited	15,000	12,952
Pakistan Petroleum Limited	25,000	2,171
United Bank Limited	50,000	6,110
	<u>95,000</u>	<u>22,706</u>

7.4.2 The Finance Act, 2015 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. The Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemptions available to mutual funds under clause 99 of Part I and clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Certain investee companies of the Fund, in pursuance of the aforesaid amendment, withheld shares equivalent to 5% of bonus entitlement of the Fund having fair market value of Rs.1.065 million at June 30, 2021. Such shares have not been deposited by the investee company in CDC account in Income Tax department. The Fund has included the shares withheld in its investments and recorded them at fair market value at year end. Furthermore, the Finance Act 2018 has brought an amendment in the Income Tax Ordinance 2001, whereby the 5% withholding tax on bonus shares has been withdrawn. Therefore, the bonus shares received during the period ended June 30, 2020, are not liable to withholding of Income Tax.

	Note	June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
8. DIVIDEND AND MARK-UP RECEIVABLE			
Dividend receivable		1,855	-
Mark-up receivable on:			
- Bank balances	8.1	1,248	1,610
- Pakistan Investment Bonds		3,169	10,580
- Term finance certificates		4,664	6,804
		<u>10,936</u>	<u>18,994</u>

8.1 This include mark-up receivable of Rs. 41,374 (2020: Rs. 8,470) on balance maintained with United Bank Limited (related party).

9. ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150,150A and 151 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same shall be refunded in future years.

10. DEPOSITS AND OTHER RECEIVABLES	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
Advance against NCCPL exposure margin - spread transaction		7,328	7,328
Security deposit with:			
- Central Depository Company of Pakistan		100	100
- National Clearing Company of Pakistan Limited		6,152	3,000
Other receivables		371	1,891
Advance against shares subscription		3,194	-
		<u>17,145</u>	<u>12,319</u>

11. PAYABLE TO THE MANAGEMENT COMPANY

Management remuneration payable	11.1	848	784
Sindh Sales Tax on management remuneration	11.2	110	102
Payable against allocated expenses	11.3	535	158
Selling and marketing expenses	11.4	5,562	2,419
Sales load payable to Management Company and others		591	561
		<u>7,646</u>	<u>4,024</u>

11.1 The Management Company has charged remuneration at the rate of 1.00% (2020: 1.00%) of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

11.2 Sales tax at the rate of 13% (June 30, 2020: 13%) on gross value of management fee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

11.3 In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS). During the year, the Management Company has charged at the rate of 0.1% of the daily annual net assets.

11.4 In accordance with SECP vide circular 11 dated July 05, 2019, the AMCs are allowed to charge selling and marketing expenses to all categories of open end mutual funds except for fund of fund subject to verification of Trustee and approval of Board of Directors. Accordingly, the Management Company based on its own discretion has charged selling and marketing expenses while keeping in view the overall return and the total expense ratio limit of the Fund at the rate of 1.04% of the daily net assets.

12. PAYABLE TO THE TRUSTEE	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
Remuneration payable	12.1	170	159
Sales tax on remuneration payable	12.2	22	21
		<u>192</u>	<u>180</u>

12.1 The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

As per the Trust Deed and Offering Document, the tariff structure applicable to the Fund in respect of trustee fee for the year ended June 30, 2021 is as follows:

Net assets:	Tariff per annum
- up to Rs.1 billion	Higher of Rs.0.7 million or 0.2% per annum of net asset value
- exceeding Rs.1 billion	Rs.2 million plus 0.10% per annum of net asset value

12.2 Sales tax at the rate of 13% (June 30, 2020: 13%) on Trustee Remuneration is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

13. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with SRO No.685 (1) / 2019 dated June 28, 2019 issued by the SECP, the Fund has charged the SECP fee at the rate of 0.02% per annum of average annual net assets during.

14. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	June 30,	June 30,
		2021	2020
		----- (Rupees in '000) -----	
Provision for indirect duties and taxes	14.1	6,977	6,977
Provision for Sindh Workers' Welfare Fund	14.2	16,632	13,407
Brokerage payable		428	581
Auditors' remuneration payable		781	639
Other payables		7,941	11,625
		<u>32,759</u>	<u>33,229</u>

14.1 Provision for indirect duties and taxes

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

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

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

With effect from July 01, 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2021 aggregates to Rs.6.272 (2020: Rs.6.272) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2021 would have been higher by Rs.1.07 (2020: Re.0.92) per unit.

14.2 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Fund Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments and based on the legal opinion obtained by MUFAP, regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 2.8369 (2020: Rs.1.97) per unit.

15. TOTAL EXPENSE RATIO

The total expense ratio of the Fund is 3.13% as on June 30, 2021 which includes 0.49% representing Government Levy, Workers' Welfare Fund and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulation 60(5) for a collective investment scheme categorised as an asset

16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2021 (2020: Nil).

17. AUDITORS' REMUNERATION

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Annual audit fee	293	226
Half yearly review fee	209	161
Fee for other certifications and services	218	168
	<u>720</u>	<u>555</u>
Sale tax	58	44
Out of pocket expenses	69	54
	<u>847</u>	<u>653</u>

18. TAXATION

The income of the Fund is exempt from tax under clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent 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 NBFC Regulations, the Fund is required to distribute not less than 90 percent 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 has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders as explained above, no provision for taxation has been made in these financial statements during the year.

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Financial Services (Private) Limited (Subsidiary of the Management Company), entities under the common management or directorship, Central Depository Company of Pakistan Limited as trustee and custodian of the Fund, the directors key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owning directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

	June 30, 2021					Other
	Management	Associated	Trustee	Funds under	Directors	connected
	Company	companies		common	and key	persons /
				management	executives	related parties
	----- (Rupees in '000) -----					
Transactions during the year						
Units issued	-	-	-	-	241	13,547
Units redeemed	-	-	-	-	1	1,261
Profit on savings accounts	-	609	-	-	-	-
Bank charges	-	6	-	-	-	-
Purchase of securities	-	27,012	-	1,074	-	-
Sale of securities	-	23,889	-	-	-	-
Dividend income	-	2,860	-	-	-	-
Dividend paid	-	-	-	-	224	14,454
Remuneration*	12,253	-	2,349	-	-	-
Allocation of expenses relating to the Fund	1,084	-	-	-	-	-
Selling and marketing expense	11,276	-	-	-	-	-
CDC Charges	-	-	64	-	-	-
June 30, 2020						
Transactions during the year						
Units issued	-	-	-	-	669	12,991
Units redeemed	-	-	-	-	-	-
Profit on savings accounts	-	356	-	-	-	-
Bank charges	-	13	-	-	-	-
Purchase of securities	-	291,024	-	-	-	-
Sale of securities	-	77,560	-	-	-	-
Dividend income	-	2,205	-	-	-	-
Dividend paid	-	-	-	-	211	15,284
Remuneration*	12,628	-	2,371	-	-	-
Allocation of expenses relating to the Fund	1,118	-	-	-	-	-
Listing fee	-	-	-	-	-	27
Selling and marketing expense	8,073	-	-	-	-	-
CDC Charges	-	-	32	-	-	-
June 30, 2021						
	Management	Associated	Trustee	Funds under	Directors	Other
	Company	companies		common	and key	connected
				management	executives	persons /
	----- (Rupees in '000) -----					
Balances held						
Units held (Number of units in '000)	-	-	-	-	2	1,528
Units held (Amount in '000)	-	-	-	-	241	227,312
Bank balances	-	9,791	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	958	-	-	-	-	-
Sales load and other payable	591	11	-	-	-	-
Selling and marketing expense payable	5,562	-	-	-	-	-
Allocated expenses	535	-	-	-	-	-
Profit receivable	-	41	-	-	-	-
Remuneration payable to Trustee	-	-	192	-	-	-
Investments	-	20,069	-	998	-	-
June 30, 2020						
Balances held						
Units held (Number of units in '000)	-	-	-	-	21	1,509
Units held (Amount in '000)	-	-	-	-	2,862	206
Bank balances	-	3,031	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	886	-	-	-	-	-
Sales load and other payable	561	7	-	-	-	-
Selling and marketing expense payable	2,419	-	-	-	-	-
Allocated expenses	158	-	-	-	-	-
Profit receivable	-	8	-	-	-	-
Remuneration payable to Trustee	-	-	180	-	-	-
Investments	-	11,476	-	-	-	-

* Remuneration for the year is inclusive of sales tax.

20. FINANCIAL RISK MANAGEMENT

20.1 The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

20.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and debt security prices.

(i) Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial instruments and future cash flows. The profit rate environment is monitored on a regular basis and the portfolio mix of fixed and floating rate securities is altered. The Fund's investment in fixed profit rate securities expose it to fair value profit rate risk and investments in variable profit rate securities expose the Fund to cash flow profit rate risk.

a) Sensitivity analysis of variable rate instruments

The Fund's PLS saving accounts, investment in PIB's, T-Bills, TFC's and Sukuks are exposed to variable rate risk. In case of 100 basis points increase / decrease in interest rates at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.6.111 (2020: Rs.3.986) million.

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2021, investment in TFC are exposed to fixed rate risk. In case of 100 basis points increase / decrease in interest rates at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.0.446 (2020: Rs.1.5) million.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

June 30, 2021						
Exposed to profit rate risk						
	Profit rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to profit rate risk	Total
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.5% - 9.0%	339,281	-	-	-	339,281
Investments classified as fair value through profit or loss'	7.56% - 9.02%	-	-	316,498	330,554	647,052
Dividend receivable and mark-up receivable		-	-	-	10,936	10,936
Deposits and other receivables		-	-	-	17,145	17,145
		<u>339,281</u>	<u>-</u>	<u>316,498</u>	<u>358,635</u>	<u>1,014,414</u>
Financial liabilities						
Payable to the Management Company		-	-	-	7,536	7,536
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	170	170
Payable against purchase of equity securities		-	-	-	103,655	103,655
Accrued expenses and other payables		-	-	-	9,092	9,092
		<u>-</u>	<u>-</u>	<u>-</u>	<u>120,453</u>	<u>120,453</u>
On-balance sheet gap		<u>339,281</u>	<u>-</u>	<u>316,498</u>	<u>238,182</u>	<u>893,961</u>

June 30, 2020						
Exposed to profit rate risk						
On-balance sheet financial instruments	Profit rate (%)	Up to three months	More than	More than	Not exposed	Total
			three months and up to one year	one year	to profit rate risk	
----- (Rupees in '000) -----						
Financial assets						
Bank balances	6% - 8.5%	140,680	-	-	-	140,680
Investments classified as fair value through profit or loss'	7.05% - 15.65%	-	-	257,910	369,846	627,756
Term Deposit Receipt		-	-	-	-	-
Dividend receivable and mark-up receivable		-	-	-	18,994	18,994
Deposits and other receivables		-	-	-	12,319	12,319
		<u>140,680</u>	<u>-</u>	<u>257,910</u>	<u>401,159</u>	<u>799,749</u>
Financial liabilities						
Payable to the Management Company		-	-	-	3,922	3,922
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	159	159
Payable against purchase of equity securities		-	-	-	3,924	3,924
Accrued expenses and other payables		-	-	-	12,801	12,801
		<u>-</u>	<u>-</u>	<u>-</u>	<u>20,805</u>	<u>20,805</u>
On-balance sheet gap		<u>140,680</u>	<u>-</u>	<u>257,910</u>	<u>380,354</u>	<u>778,944</u>

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2021 and June 30, 2020.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of equity securities as a result of changes in the levels of KSE-Index and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities for which prices in the future are uncertain. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC regulations.

The Fund manages the risk by limiting exposure to any single investee company to the extent of 15% of issued capital of that investee company and the net assets of the Fund with overall limit of 35% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations). The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation.

Details of the Fund's investment in industrial / economic sector are given in note 7.

The following table illustrates the sensitivity of the income for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each Statement of Assets and Liabilities date, with all other variables held constant.

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Income statement	16,528	18,492
Unit holders' fund	16,528	18,492

20.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemption during the period. Further, the Fund also has the ability to suspend redemption of units with approval of Board of Directors of the Management Company in extraordinary circumstances.

The table below summaries the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2021	----- (Rupees in '000) -----				
Financial liabilities					
Payable to the Management Company	7,536	-	-	-	7,536
Payable to the Trustee	170	-	-	-	170
Payable against purchase of equity securities	103,655	-	-	-	103,655
Accrued expenses and other liabilities	8,311	781	-	-	9,092
Total liabilities	119,672	781	-	-	120,453

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2020	----- (Rupees in '000) -----				
Financial liabilities					
Payable to the Management Company	3,922	-	-	-	3,922
Payable to the Trustee	159	-	-	-	159
Payable against purchase of equity securities	3,924	-	-	-	3,924
Accrued expenses and other liabilities	12,077	723	-	-	12,801
Total liabilities	20,082	723	-	-	20,805

20.4 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk:

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Bank balances	339,281	140,680
Dividend and profit receivable	10,936	18,994
Debt securities - Term Finance Certificates / Sukuks	116,158	109,772

All deposits with banks, CDC and NCCPL are highly rated and risk of default is considered minimal.

Investment in Government securities are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

The analysis below summarizes the credit quality of the Fund's bank balances as on June 30, 2021:

	June 30, 2021	June 30, 2020
	----- (%) -----	
Rating by rating category		
AA- to AA+	38	93
AAA	62	3
A+	0	4
Total	100	100

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

20.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

20.6 Unit holders' fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

20.7 Impact of COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Fair value			Total
	Level 1	Level 2	Level 3	
	----- (Rupees) -----			
June 30, 2021				
Financial assets measured at fair value				
Investments in debt securities	116,158	-	-	116,158
Government securities	-	200,340	-	200,340
Quoted equity securities	330,554	-	-	330,554
	<u>446,712</u>	<u>200,340</u>	<u>-</u>	<u>647,052</u>

	Fair value			Total
	Level 1	Level 2	Level 3	
	----- (Rupees) -----			
June 30, 2020				
Financial assets measured at fair value				
Investments in debt securities	91,644	18,128	-	109,772
Government securities	-	148,138	-	148,138
Quoted equity securities	369,846	-	-	369,846
	<u>461,490</u>	<u>166,266</u>	<u>-</u>	<u>627,756</u>

During the year ended June 30, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

21.1 Valuation techniques used in determination of fair values within level 2

21.1.1 Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).

21.1.2 Investments in term finance and sukuks certificates issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

22. SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

23. GENERAL

23.1 Figures have been rounded off to the nearest thousand rupee.

23.2 Earnings per unit has not been disclosed as in the opinion of the Management Company, determination of the cumulative weighted average number of outstanding units is not practicable.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 16th August 2021 by the Board of Directors of the Management Company.

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

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL Asset Allocation Fund

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain*
Number	10	10	-	-
Percentage	100%	100%	-	-

*Reasons for abstaining shall be disclosed (if applicable).

2. Details where Management Company did not participate in investee company's shareholders meetings (if applicable)

3. The proxy voting policy of the Fund is available on the website of UBL Fund Managers Limited (Management Company) and detailed information regarding actual proxies voted by the Management Company in respect of the Fund is also available without charge, upon request, to all unit holders.

UGIF

UBL Growth and Income Fund

INVESTMENT OBJECTIVE

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	EY Ford Rhodes, Chartered Accountants
Bankers	Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited JS Bank Limited Khushhali Bank Ltd. MCB Bank Limited National Bank of Pakistan Samba Bank Limited Silk Bank Limited Sindh Bank Limited Summit Bank Limited Telenor Microfinance Bank Limited The Bank of Punjab United Bank Limited Zarai Taraqati Bank Limited Soneri Bank Limited
Management Co.Rating	AM1 (VIS)
Fund Rating	A+(f) (VIS)

Fund Manager's Report – UBL Growth and Income Fund (UGIF)

i) Description of the Collective Investment Scheme category and type

Aggressive Fixed Income / Open-end

ii) Statement of Collective Investment Scheme's investment objective

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short-tenor money market instruments and seeks to generate superior, long-term, risk-adjusted returns while preserving capital over the long-term.

iii) Explanation as to whether the Collective Investment Scheme achieved its stated objective

The Collective Investment Scheme has a long-term investment objective. Significant efforts were made during the year for the achievement of the long-term objective.

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

Average of 1 year KIBOR rates.

v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks

Monthly Yield*	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	FYTD
UGIF	7.55%	7.46%	10.36%	7.07%	6.00%	5.21%	5.33%	7.21%	6.78%	68.45%	6.22%	5.52%	10.85%
Benchmark	6.75%	7.21%	7.32%	7.40%	7.44%	7.43%	7.47%	7.76%	7.92%	7.91%	7.81%	7.82%	7.52%

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

UGIF is an open-end Aggressive Fixed Income Fund, investing in medium to long-term fixed income instruments as well as short tenor money market instruments and seeks to generate superior, long term, risk adjusted returns while preserving capital over the long-term. The fund has posted return of 10.85% p.a. during FY21 vs benchmark return of 7.52%. Its fund size stood at PKR 1,795mn at end of Jun21. The weighted average time to maturity of the fund was 0.89 years at the end of FY21. The fund manager decided to take major exposure in Cash, TFCs and T-Bills at the end of FY21.

vii) Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of NAV)	Jun-20	Jun-21
Term Finance Certificates/ Sukuks	21%	10%
Cash	35%	28%
T-Bills	15%	5%
PIBs	22%	18%

Others	6%	2%
Placements with Banks	0%	7%
Spread Transaction	0%	30%
Leverage	Nil	Nil

viii) Analysis of the Collective Investment Scheme's performance

FY'21 Return:	10.85%
Standard Deviation (12m trailing):	3.75%
Sharpe Ratio (12m trailing):	0.99

ix) Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value			NAV per unit		
30-Jun-21	30-Jun-20	Change	30-Jun-21	30-Jun-20	Change
Rupees (000)		%	Rupees		%
1,794,689	877,591	104.5	85.0286	84.9655	0.07

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

During FY21, market expectation of further rate cut faded away. The market remained keen on investing in short term treasury bills. The market participation was ~PKR 27.5 trillion in treasury bills auctions and the government accepted ~PKR 16 trillion. A clear preference was observed in 3 months tenor which constituted ~55% of the total participation followed by 6 months and 12 months with the participation of 37% and 8% respectively. However, significant interest was seen in the 6M T-Bills in the later part of the fiscal year as the government offered noteworthy term premium. During 2HFY21, the market participated PKR 8.3 trillion in 6M T-Bills as compared to PKR 1.7 trillion in 1HFY21. Moreover, the cutoff rates of T-bills on-average remained 25bps, 42bps and 52 bps higher during the 2HFY21 compared to 1HFY21 for the 3M, 6M and 12M T-Bills respectively.

A strong participation was witnessed in fixed rate PIBs. The market participation was ~PKR 2.4 trillion where the government proactively accepted ~PKR 1 trillion. The participation in fixed rate PIBs more than doubled during the 2HFY21 as compared to the 1HFY21 mainly on the back of the accommodative stance in monetary policy by SBP. Despite the heavy participation, the market demanded relatively higher yields. Therefore, yields of 3Y, 5Y and 10 PIBs increased by 148 bps, 138 bps and 125 bps respectively during FY21. In contrast, participation in the floater rate PIBs remained on the lower side in 2HFY21 as compared to 1HFY21, participation was dropped to ~PKR 700 billion in 2HFY21 compared to ~PKR 2,300 billion in 1HFY21. Total acceptance was PKR 1,600 billion during FY21.

On Islamic front, the total participation was PKR 498 billion in six variable rate Ijara sukuk auctions and the government accepted PKR 321 billion. In contrast, only PKR 77.6 billion participation was witnessed in the fixed rate Ijara sukuk out of which, the government accepted PKR 53 billion. However, only one auction took place in 2HFY21. The government accepted PKR 67 billion in variable rental rate sukuk and PKR 8 billion in fixed rental rate sukuks.

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

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)			----- Rupees -----	
June 28, 2021	0	168,332	9.1504	94.1159	84.9655

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

The sale of units of UGIF are temporarily suspended w.e.f. 12-10-2011 until further notice. However there will be no restriction on any redemptions / and / or conversion-out requests from UGIF.

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

Range of units	Number of investors
0.0001 - 9,999.9999	1,365
10,000.0000 - 49,999.9999	71
50,000.0000 - 99,999.9999	24
100,000.0000 - 499,999.9999	23
500,000.0000 & Above	12
Total	1,495

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

There were no unit splits during the period.

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

Investment are subject to credit and market risk.

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

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

PERFORMANCE TABLE

UBL Growth and Income Fund

	2021	2020	2019
NET ASSETS AS AT 30 JUNE - Rupees in '000	1,794,689	877,591	1,734,789
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees			
Income units - Offer *	86.4741	86.4099	86.4948
- Redemption	85.0286	84.9655	85.0490
Growth units - Offer	86.4741	86.4099	86.4948
- Redemption **	85.0286	84.9655	85.0490
RETURN OF THE FUND - %			
Total Return of the Fund	10.85	13.59	7.95
Capital Growth (per unit)	0.08	(0.14)	0.59
Date of Income Distribution	-	-	2-Jul-18
Income Distribution	-	-	4.4223
Date of Income Distribution	28-Jun-21	26-Jun-20	24-Jun-19
Income Distribution	9.1504	11.6753	6.5752
AVERAGE ANNUAL RETURN - %			
One Year	10.85	13.59	7.95
Second Year	12.22	10.77	6.58
Third Year	10.80	8.92	6.64
Fourth Year	9.40	8.38	8.01
Fifth Year	8.87	9.12	8.79
Sixth Year	9.41	9.59	10.38
Seventh Year	9.77	10.84	10.43
OFFER / REPURCHASE DURING THE YEAR- Rupees			
Highest price per unit - Income units - Offer *	95.7078	98.4239	92.9877
Highest price per unit - Income units - Redemption *	94.1080	96.7787	91.4333
Highest price per unit - Growth units - Offer *	95.7078	98.4239	92.9877
Highest price per unit - Growth units - Redemption *	94.1080	96.7787	91.4333
Lowest price per unit - Income units - Offer *	86.3692	86.4099	86.2084
Lowest price per unit - Income units - Redemption *	84.9255	84.9655	84.7674
Lowest price per unit - Growth units - Offer *	86.3692	86.4099	86.2084
Lowest price per unit - Growth units - Redemption *	84.9255	84.9655	84.7674

* Front-end load @1.5% is applicable

** Back-end load as per applicable step-down structure

PORTFOLIO COMPOSITION - %

Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %

Bank Balances	28.20	35.00	62.00
Placements & Term Deposit Receipts	7.20	0.00	11.00
TFCs, Sukuks, Government securities, Commercial papers	32.30	58.00	24.00
Spread Transaction	30.00	-	-
Others	2.30	7.00	3.00

PORTFOLIO COMPOSITION BY MARKET - %

Debt market	100	100	100
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Note:

- The Launch date of Fund is 02 March 2006.

DISCLAIMER

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

Head Office:

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S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

UBL GROWTH & INCOME FUND

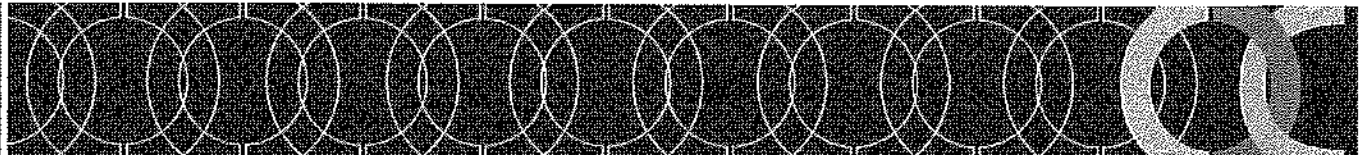
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Growth & Income Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 08, 2021





STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL Growth & Income Fund

YEAR ENDED: JUNE 30, 2021

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations, (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Growth & Income Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid
	Ms. Huma Pasha*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar
	Ms. Sadia Saeed**
	Mr. Arif Akmal Saifie Syed Furrugh Zaeem
Female Director	Ms. Huma Pasha*
	Ms. Sadia Saeed**

* Ms. Huma was appointed as a director with effect from September 04, 2020

** Ms. Sadia Saeed has resigned effective July 19, 2021

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.



9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- Mr. Imran Sarwar
- Mr. Yasir Qadri
- Ms. Huma Pasha
- Ms. Sadia Saeed
- Syed Furrukh Zaeem

Executives

- Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - Mr. Umair Ahmed (Chief Financial Officer)
 - Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Executive Officer (CEO) and CFO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Huma Pasha*	Chairman	Independent Director
Mr. Arif Akmal Saifia	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed**	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Ms. Huma Pasha*	Member	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Sadia Saeed**	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifi	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

* Ms. Huma was appointed as a director with effect from September 04, 2020

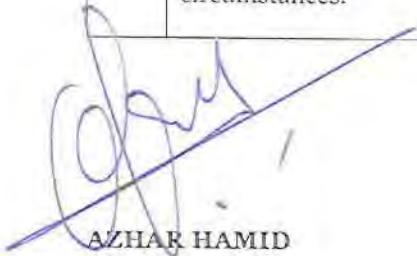
** Ms. Sadia Saeed has resigned effective July 19, 2021

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:
- The Board Audit Committee: quarterly - four meetings held
 - The Board Human Resource and Compensation Committee: quarterly – four meetings held
 - The Board Risk and Compliance Committee: quarterly - four meetings held



15. The Board has set up an effective internal audit function. The function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is as follows:

S.no	Non-Mandatory Requirement	Reg. No.	Explanation
1.	Independent Director The independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher. When there are seven directors on the board of the company the fraction of independent director share comes at 2.33. The company may round up or provide reason for contrary.	6	The two independent directors have requisite education and extensive and suitable experience to carry out their responsibilities, therefore the Board has not appointed the third independent director.
2.	Nomination Committee The board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29	Currently, the board has not constituted a separate NC and the functions are being performed by the BHRCC


AZHAR HAMID
Chairman

Karachi.
Dated: August 17, 2021

To the unitholders of UBL Growth and Income Fund

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

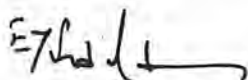
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Growth and Income Fund** (the Fund) for the year ended **30 June 2021** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, the Fund's related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2021.



Chartered Accountants

Place: Karachi

Date: 24 September 2021

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Growth and Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Growth and Income Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2021**, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of bank balances and investments	
As disclosed in notes 6 and 7 to the accompanying financial statements of the Fund for the year ended 30 June 2021, the bank balances and investments (comprised of equity securities) held by the Fund represent 98% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2021 and reconciled it with the books and records of the Fund.

Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> - We tested controls over acquisition, disposals and periodic valuation of investments portfolio. - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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-: 3 :-

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

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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-: 4 :-

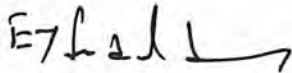
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Date: 24 September 2021

Karachi

UBL GROWTH AND INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
ASSETS			
Bank balances	6	592,261	329,777
Investments	7	1,457,506	543,053
Advance tax	8	3,463	3,832
Mark-up receivable	9	17,243	19,724
Deposits, prepayments, dividend and other receivables	10	27,395	36,910
Total assets		2,097,868	933,296
LIABILITIES			
Payable to the Management Company	11	8,134	2,290
Payable to the Trustee	12	125	65
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	13	279	294
Accrued expenses and other liabilities	14	294,641	53,056
Total liabilities		303,179	55,705
NET ASSETS		1,794,689	877,591
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,794,689	877,591
CONTINGENCIES AND COMMITMENTS	16		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		21,106,895	10,328,784
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		85.0286	84.9655

The annexed notes from 1 to 24 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL GROWTH AND INCOME FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
INCOME			
Financial income on:			
- Bank balances		18,734	95,720
- Term deposit receipts		437	5,195
- Government Securities		54,426	57,994
- Term finance certificates / Sukuk		33,229	30,283
Dividend income		2,984	4,643
Unrealised gain/ (loss) on revaluation of investments classified as			
'At fair value through profit or loss' - net		1,052	(1,447)
Gain on redemption / sale of investments classified as			
'At fair value through profit or loss' - net		603	42,713
Gain from spread transactions - net		23,589	37
Other income		2,531	3,442
Total income		137,585	238,580
Reversal of provision against debt securities - net	7.6	35,390	3,889
EXPENSES			
Remuneration of the Management Company	11.1	9,838	15,197
Sales tax on management fee	11.2	1,279	1,976
Allocated expenses by the Management Company	11.3	4,187	1,471
Selling and marketing expenses	11.4	5,589	5,883
Remuneration of the Trustee	12.1	1,048	1,104
Sales tax on remuneration of the Trustee	12.2	136	143
Annual fee to SECP	13	279	294
Brokerage and settlement charges		6,994	2,393
Auditors' remuneration	17	238	232
Legal and professional charges		715	198
Bank charges and other expenses		308	397
Total expenses		30,611	29,287
Net income for the year from operating activities		142,364	213,181
Provision for Sindh Workers' Welfare Fund (SWWF)	14.2	(2,794)	(4,180)
Net income for the year before taxation		139,570	209,001
Taxation	18	-	-
Net income for the year after taxation		139,570	209,001
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		139,570	209,001
Income already paid on units redeemed		(51,526)	(130,210)
		88,044	78,791
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		14,442	15,794
- Excluding capital gains		73,602	62,997
		88,044	78,791

The annexed notes from 1 to 24 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL GROWTH AND INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Net income for the year after taxation	139,570	209,001
Other comprehensive income for the year:	-	-
Total comprehensive income for the year	139,570	209,001

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL GROWTH AND INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	139,570	209,001
Adjustments for:		
Financial income	(106,826)	(189,192)
Unrealised (gain)/loss on revaluation of investments classified as 'designated at fair value through profit or loss' - net	(1,052)	1,447
Gain on maturity / sale of investments classified as 'designated at fair value through profit or loss' - net	(603)	(42,713)
Gain from spread transactions - net	(23,589)	(37)
Reversal of provision against debt securities - net	(35,390)	(3,889)
Provision for Sindh Workers' Welfare Fund (SWWF)	2,794	4,180
	(164,666)	(230,204)
(Increase) / decrease in assets		
Investments	(703,819)	(14,074)
Advance tax	369	(424)
Advance, deposits and other receivables	9,515	(12,999)
	(693,935)	(27,497)
(Decrease) / increase in liabilities		
Payable to the Management Company	5,844	(2,106)
Payable to the Trustee	60	(178)
Annual fee payable to the SECP	(15)	(686)
Accrued and other liabilities	238,791	(15)
	244,680	(2,985)
Finance income received	109,307	197,243
Net cash (used in) / generated from operating activities	(365,044)	145,558
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipt from issuance of units	5,393,271	5,732,626
Cash dividend paid to unit holders	(168,332)	(107,150)
Net payment against redemption of units	(4,447,411)	(6,691,675)
Net cash generated / (used in) from financing activities	777,528	(1,066,199)
Net increase / (decrease) in cash and cash equivalents	412,484	(920,641)
Cash and cash equivalents at beginning of the year	329,777	1,250,418
Cash and cash equivalents at end of the year	742,261	329,777
Cash and cash equivalents		
Bank balances	592,261	329,777
Term deposit receipts - 3 months	150,000	-
	742,261	329,777

The annexed notes from 1 to 24 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL GROWTH AND INCOME FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021			June 30, 2020		
	Capital value	Undistributed loss	Total	Capital value	Undistributed loss	Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	1,360,121	(482,530)	877,591	2,215,081	(480,292)	1,734,789
Amount received on issuance of 60,540,771 units (2020: 64,178,743) units						
Capital value	5,143,877	-	5,143,877	5,458,338	-	5,458,338
Element of income during the year:						
- Relating to net Income for the year after taxation	249,394	-	249,394	274,288	-	274,288
	5,393,271	-	5,393,271	5,732,626	-	5,732,626
Amount paid on redemption of 49,762,660 units (2020: 74,247,479) units						
Capital value	(4,228,109)	-	(4,228,109)	(6,314,674)	-	(6,314,674)
Element of income during the year;						
- Relating to net income for the year after taxation	(167,776)	(51,526)	(219,302)	(246,791)	(130,210)	(377,001)
	(4,395,885)	(51,526)	(4,447,411)	(6,561,465)	(130,210)	(6,691,675)
Total comprehensive income for the year	-	139,570	139,570	-	209,001	209,001
Distribution during the year Rs.9.1504 per unit declared on June 28, 2021 as cash dividend (2020: Rs.11.6753 per unit)	(81,330)	(87,002)	(168,332)	(26,121)	(81,029)	(107,150)
Net income / (loss) for the year less distribution	(81,330)	52,568	(28,762)	(26,121)	127,972	101,851
Net assets at end of the year	2,276,177	(481,488)	1,794,689	1,360,121	(482,530)	877,591
Undistributed income brought forward:						
- Realised	-	(481,083)	(481,083)	-	(471,437)	(471,437)
- Unrealised	-	(1,447)	(1,447)	-	(8,855)	(8,855)
	-	(482,530)	(482,530)	-	(480,292)	(480,292)
Accounting income available for distribution:						
- Relating to capital gains	-	14,442	14,442	-	15,794	15,794
- Excluding capital gains	-	73,602	73,602	-	62,997	62,997
	-	88,044	88,044	-	78,791	78,791
Distribution during the year	-	(87,002)	(87,002)	-	(81,029)	(81,029)
Undistributed loss carried forward	-	(481,488)	(481,488)	-	(482,530)	(482,530)
Undistributed loss carried forward						
- Realised	-	(482,540)	(482,540)	-	(481,083)	(481,083)
- Unrealised	-	1,052	1,052	-	(1,447)	(1,447)
	-	(481,488)	(481,488)	-	(482,530)	(482,530)
			--- (Rupees) ---			--- (Rupees) ---
Net assets value per unit at beginning of the year			84.9655			84.0490
Net assets value per unit at end of the year			85.0286			84.9655

The annexed notes from 1 to 24 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL GROWTH AND INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** UBL Growth and Income Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and was approved as an open-end mutual fund by the Securities and Exchange Commission of Pakistan (SECP). It was constituted under the Trust Deed, dated 21 December 2004 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont road, Civil lines, Karachi.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through certificate of registration issued by SECP.
- 1.3** The Fund is an aggressive fixed income scheme and units of the Fund are listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units of the fund can be transferred to / from other funds managed by the Management Company and can also be redeemed by surrendering to the fund.
- 1.4** The investment objective of the Fund is to investing in medium to long- term fixed income instruments as well as short- tenor money market instruments and seeks to generate competitive, long- term, risk-adjusted returns.
- 1.5** As per the offering document, the Fund shall invest in a diversified portfolio of Government securities, investment grade term finance certificates (TFCs), rated corporate debts, certificates of investments (COIs), marginal trading system (MTS), spread transactions (including spread on equity transactions) and other money market instruments.
- 1.6** VIS Credit Rating Company Limited has re-affirmed an asset manager quality rating of 'AM1' (stable outlook) to the Management Company on December 31, 2020 and A+(f) to the Fund on January 07, 2021.
- 1.7** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.8** The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020, has submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020).

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
- The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

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

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which are measured at fair value.

3.2 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years.

4.1 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.3 Financial assets

4.3.1 Classification

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

4.3.2 Initial Measurement

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Subsequent Measurement

Debt instruments at Amortized Cost

After initial measurement, such debt instruments are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective interest rate.

Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

4.3.3 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

4.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

4.5 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

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

4.6 Offsetting of financial assets and liabilities

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

4.7 Provisions

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

4.8 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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

4.9 Dividend distribution and appropriations

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

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

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.

4.10 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

4.11 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.12 Revenue recognition

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / mark-up on bank balances and government securities is recognised on an effective interest rate method.

4.13 Expenses

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

4.14 Unitholders' fund

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

4.15 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognised in the income statement.

4.16 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 NAV per unit on the issuance or redemption date, as the case may be, of units and the NAV 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 NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – - Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2022

	Note	June 30, 2021	June 30, 2020
----- (Rupees in '000) -----			
6 BANK BALANCES			
In current accounts	6.1	50	59
In deposit accounts	6.2	592,211	329,718
		<u>592,261</u>	<u>329,777</u>

6.1 These include a balances of Rs. 0.05 (2020: Rs. 0.05) million held with United Bank Limited, related party, respectively.

6.2 These carry mark-up at the rates ranging between 4.50% to 7.85% per annum (2020: 6.50% to 13.60% per annum) and include a balances of Rs. 98.286 (2020: Rs. 4.52) million and Rs. 0.02 (2020: Rs. 0.02) million held with United Bank Limited and Khushhali Bank Limited (related parties) respectively.

	Note	June 30, 2021	June 30, 2020
----- (Rupees in '000) -----			
7 INVESTMENTS			
Investments by Category			
Fair value through profit or loss			
Government securities - Treasury Bills	7.1	97,224	142,508
Government securities - Pakistan Investment Bonds	7.2	374,719	201,700
Quoted Equity securities (Spread Transaction)	7.3	629,741	-
Debt securities - quoted	7.4	181,981	96,314
Debt securities - unquoted	7.4	23,841	102,532
		<u>1,307,506</u>	<u>543,053</u>
At Amortised cost			
Term Deposit Receipt	7.8	150,000	-
		<u>1,457,506</u>	<u>543,053</u>

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

Particulars	Note	As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	June 30, 2021			Market value as a % of net assets	Market value as a % of total investments
						Carrying value	Market value	Unrealised Gain		
						----- (Rupees in '000) -----				
						----- (Number of holding) -----				
Market treasury bills - 12 months		1,510,000	5,680,000	7,190,000	-	-	-	-	-	-
Market treasury bills - 6 months	7.1.1	-	9,735,000	8,735,000	1,000,000	97,203	97,224	22	5.42%	6.67%
Market treasury bills - 3 months		-	49,820,000	49,820,000	-	-	-	-	-	-
June 30, 2021						97,203	97,224	22	5.42%	6.67%
June 30, 2020						142,060	142,508	448	16.24%	26.24%

7.1.1 These treasury bills carry effective yield of 7.57% per annum and will mature by November 18, 2021.

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

Particulars	Note	As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised Gain / (loss)	Market value as a % of net assets	Market value as a % of total investments
						----- (Rupees in '000) -----				
						----- (Number of holding) -----				
Pakistan Investment Bonds - 3 years	7.2.1	-	9,250,000	7,750,000	1,500,000	150,180	150,180	-	8.37%	10.30%
Pakistan Investment Bonds - 5 years	7.2.2	-	4,250	4,000	250	23,378	23,379	1	1.30%	0.02
Pakistan Investment Bonds - 10 years	7.2.3	2,000,000	-	-	2,000,000	201,700	201,160	(540)	11.21%	13.80%
June 30, 2021						375,258	374,719	(539)	20.88%	25.71%
June 30, 2020						203,453	201,700	(1,753)	22.98%	37.14%

7.2.1 These comprise of floating rate Pakistan Investment Bonds (PIBs) having face value amounting to Rs.150 million and carry interest rates 8.0219% and will mature by June 19, 2023.

7.2.2 These comprise of fixed rate Pakistan Investment Bonds (PIBs) having face value amounting to Rs. 250 million and carry interest rates 9% and will mature by October 15, 2025.

7.2.3 These comprise of floating rate Pakistan Investment Bonds (PIBs) having face value amounting to Rs.200 million and carry interest rates 8.215% and will mature by August 29, 2029.

7.3 Quoted equity securities - Spread transactions

Name of Investee Company	Number of shares				Balance as at June 30, 2021			Market value as percentage of total investments	Market value as percentage of net assets	Market value as a percentage of paid-up capital of the investee
	As at July 01, 2020	Purchased during the period	Sold during the period	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised gain			
----- (Rupees in '000) ----- % -----										
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise:										
Oil and gas exploration companies										
Oil and Gas Development Company Limited	-	2,478,500	1,168,500	1,310,000	128,676	128,762	86	8.83%	7.17%	0.03%
Pakistan Petroleum Limited	-	1,971,500	1,647,500	324,000	28,914	28,907	(7)	1.98%	1.61%	0.11%
					157,590	157,669	79	10.82%	8.79%	0.14%
Oil and gas marketing companies										
Pakistan State Oil Company Limited	-	73,000	10,000	63,000	14,302	14,277	(25)	0.98%	0.80%	0.02%
Sui Northern Gas Pipelines Limited	-	1,957,500	2,000	1,955,500	93,960	93,865	(95)	6.44%	5.23%	0.31%
Sui Southern Gas Company Limited	-	5,821,500	5,821,500	-	-	-	-	0.00%	0.00%	0.00%
					108,262	108,142	(120)	7.42%	6.03%	0.32%
Pharmaceuticals										
The Searle Company Limited	-	693,000	677,500	15,500	3,904	3,903	(1)	0.27%	0.22%	0.01%
					3,904	3,903	(1)	0.27%	0.22%	0.01%
Engineering										
Aisha Steel Mills Limited	-	2,968,000	2,341,500	626,500	16,102	16,113	11	1.11%	0.90%	0.08%
Amreli Steels Limited	-	2,622,000	2,582,500	39,500	1,766	1,769	3	0.12%	0.10%	0.01%
International Industries Limited	-	52,500	52,500	-	-	-	-	0.00%	0.00%	0.00%
International Steels Limited	-	938,000	728,000	210,000	19,915	19,919	4	1.37%	1.11%	0.05%
Mughal Iron & Steel Industries Limited	-	239,000	239,000	-	-	-	-	0.00%	0.00%	0.00%
					37,783	37,801	18	2.59%	2.11%	0.14%
Refinery										
Pakistan Refinery Limited	-	2,313,000	2,313,000	-	-	-	-	0.00%	0.00%	-
National Refinery Limited	-	152,000	152,000	-	-	-	-	0.00%	0.00%	-
					-	-	-	0.00%	0.00%	0.00%
Commercial banks										
The Bank of Punjab	-	4,190,000	3,887,000	303,000	2,608	2,614	6	0.18%	0.15%	-
Habib Bank Limited	-	554,500	462,000	92,500	11,948	11,913	(35)	0.82%	0.66%	-
Bank Alfalah Limited	-	26,500	26,500	-	-	-	-	0.00%	0.00%	-
MCB Bank Limited	-	26,500	26,500	-	-	-	-	0.00%	0.00%	-
Meezan Bank Limited	-	28,500	28,500	-	-	-	-	0.00%	0.00%	-
United Bank Limited	-	44,500	44,500	-	-	-	-	0.00%	0.00%	-
National Bank of Pakistan	-	567,000	566,000	1,000	36	36	-	0.00%	0.00%	-
					14,592	14,563	(29)	1.00%	0.81%	-
Chemical										
Engro Polymer & Chemicals Limited	-	386,000	386,000	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	7,000	7,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Food and personal care products										
Fauji Foods Limited	-	17,500	17,500	-	-	-	-	-	-	-
					-	-	-	-	-	-

Name of Investee Company	Number of shares				Balance as at June 30, 2021			Market value as percentage of total investments	Market value as percentage of net assets	Market value as a percentage of paid-up capital of the investee
	As at July 01, 2020	Purchased during the period	Sold during the period	As at June 30, 2021	Carrying value as at June 30, 2021	Market value as at June 30, 2021	Unrealised gain			
----- (Rupees in '000) ----- % -----										
Textile composite										
Gul Ahmed Textile Mills Limited	-	20,500	20,500	-	-	-	-	-	-	-
Nishat Chunian Limited	-	656,500	605,000	51,500	2,663	2,646	(17)	0.42	0.30	-
Nishat Mills Limited	-	606,000	477,500	128,500	12,663	12,646	(17)	1.99	1.41	-
					15,326	15,292	(34)	2.41	1.71	-
Automobile assembler										
Gandhara Industries Limited	-	89,500	89,500	-	-	-	-	-	-	-
Gandhara Nissan Limited	-	10,500	10,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Automobile parts and accessories										
The General Tyre & Rubber Company of Pakistan Limited	-	46,000	46,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Power generation and distribution										
The Hub Power Company Limited	-	1,971,500	1,622,500	349,000	28,023	28,019	(4)	4.40	3.12	-
Kot Addu Power Company Limited	-	3,000,500	2,384,000	616,500	27,269	27,341	72	4.29	3.05	-
					55,292	55,360	68	8.69	6.17	-
Technology and communication										
Avanceon Limited	-	200,500	200,500	-	-	-	-	-	-	-
NetSol Technologies Limited	-	232,500	232,500	-	-	-	-	-	-	-
					-	-	-	-	-	-
Fertilizer										
Fauji Fertilizer Company Limited	-	21,500	21,500	-	-	-	-	-	-	-
Engro Corporation Limited	-	129,000	129,000	-	-	-	-	-	-	-
Engro Fertilizers Limited	-	5,500	5,500	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	7,486,000	6,321,000	1,165,000	31,341	31,426	85	4.93	3.50	-
					31,341	31,426	85	4.93	3.50	-
Cement										
D.G. Khan Cement Company Limited	-	5,033,500	4,146,000	887,500	106,318	106,423	105	16.71	11.87	-
Fauji Cement Company Limited	-	2,901,500	2,476,500	425,000	10,100	10,148	48	1.59	1.13	-
Lucky Cement Limited	-	287,000	287,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	12,817,500	11,534,500	1,283,000	61,576	61,649	73	9.68	6.87	-
Cherat Cement Company Limited	-	19,000	19,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	-	13,000	13,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	480,000	272,500	207,500	27,036	27,365	329	4.30	3.05	-
					205,030	205,585	555	32.28	22.92	-
Total as at June 30, 2021					629,120	629,741	621			
Total as at June 30, 2020					-	-	-			

7.4 Debt securities - Term Finance Certificates (TFCs) and Sukuks - 'At fair value through profit or loss'
(face value of Rs.5,000 each unless otherwise stated)

Particulars	Note	Number of certificates				Balance as at June 30, 2021			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2020	Purchased during the year	Matured during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value		
----- (Rupees in '000) ----- % -----										
Quoted										
Personal goods										
Azgard Nine Limited - TFC (September 20, 2005)	7.6.2	1,000	-	-	1,000	-	-	-	-	-
Power Generation and Distribution										
K- Electric Limited		-	6,584	-	2,584	4,000	20,000	20,310	310	1.13% 3.65%
Commercial banks										
Bank Al Habib Limited - TFC (March 17, 2016)		1,200	-	-	1,200	-	-	-	-	-
Bank Alfalah Limited - TFC (January 15, 2021)		-	5,400	-	-	5,400	27,000	26,781	(219)	1.49% 4.82%
Soneri Bank Limited - TFC (July 08, 2015)		-	10,000	-	-	10,000	49,641	49,890	249	2.78% 8.97%
Samba Bank Limited - TFC (March 01, 2021)		-	850	-	-	850	85,000	85,000	-	4.74% 15.29%
							161,641	161,671	30	9.01% 29.08%
Total debt securities - quoted as at June 30, 2021							181,641	181,981	340	
Total debt securities - quoted as at June 30, 2020							95,364	96,314	950	
Unquoted										
Personal goods										
Azgard Nine Limited - TFC (December 04, 2007) PP	7.6.2	7,000	-	-	7,000	-	-	-	-	-
Household goods										
New Allied Electronics Industries Limited - TFC (May 15, 2007)		18,000	-	-	-	18,000	18,094	-	-	-
Less: Provision for impairment	7.4.1						(18,094)	-	-	-
							-	-	-	-
New Allied Electronics Industries Limited - Sukuk (December 03, 2007)		-	-	-	-	-	13,068	-	-	-
Less: Provision for impairment	7.4.1						(13,068)	-	-	-
							4	-	-	-
New Allied Electronics Industries Limited - Sukuk (December 03, 2007)		10,000	-	-	-	10,000	35,000	-	-	-
Less: Provision for impairment	7.4.1						(35,000)	-	-	-
							-	-	-	-
							4	-	-	-
Commercial banks										
Habib Bank Limited - TFC (February 19, 2016)*		424	-	-	424	-	-	-	-	-

Particulars	Note	Number of certificates					Balance as at June 30, 2021			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2020	Purchased during the year	Matured during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain		
----- (Rupees in '000) ----- % -----											
Investment bank											
Jahangir Siddiqui & Co. Ltd. - TFC (July 18, 2017)	7.4.3	20,000	-	-	10,000	10,000	23,216	23,841	625	1.33%	4.29%
Dawood Hercules Corporation Limited - Sukuk (March 01, 2018)		950	-	-	950	-	-	-	-	-	-
Dawood Hercules Corporation Limited - Sukuk (November 16, 2017)		190	-	-	190	-	-	-	-	-	-
Financial services											
Security Leasing Corporation Limited - Sukuk II (September 19, 2007)		5,000	-	-	-	5,000	5,577	-	-	-	-
Less: Provision for impairment	7.4.1						(5,577)	-	-	-	-
							-	-	-	-	-
							23,216	23,841	625	-	-
Total debt securities - unquoted as at June 30, 2021							23,220	23,841	625		
Total debt securities - unquoted as at June 30, 2020							103,977	102,532	(1,445)		
Total as at June 30, 2021							204,861	205,822	965		
Total as at June 30, 2020							199,341	198,845	(496)		

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

- 7.4.1 Due to continuous default on repayment of coupon by the issuer, the Fund has classified said investment as non-performing debt securities. The Fund has suspended further accrual of mark-up there against.
- 7.4.2 Significant terms and conditions of term finance certificates outstanding at the year end are as follows:

Name of security	Interest rate per annum	Maturity
K-Electric Limited (August 03, 2020)	3M KIBOR + 1.70%	August 3, 2027
Bank Alfalah Limited (January 15, 2021)	6M KIBOR + 0.75%	January 15, 2024
Soneri Bank Limited (July 08, 2015)	6M KIBOR + 1.35%	July 8, 2023
Samba Bank Limited (March 01, 2021)	6M KIBOR + 1.35%	March 1, 2031
Jahangir Siddiqui & Co. Ltd. (July 18, 2017)	6M KIBOR + 1.40%	July 18, 2022

- 7.4.3 During the year the profit payments of this sukkuk were rescheduled resulting in a change of profit payment date from 9 July to 30 June, subsequent profit payments will be made on 6 monthly basis with reference to rescheduled date.

7.5 Debt securities - Term Finance Certificates (TFCs) and Sukuks - 'Fair value through other comprehensive income'
(face value of Rs.5,000 each unless otherwise stated)

Particulars	Note	Number of certificates				Balance as at June 30, 2021			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain		
					----- (Rupees in '000) -----			----- % -----		
Quoted										
Personal goods										
Azgard Nine Limited - TFC (September 20, 2005)		21,150	-	21,150	-	-	-	-	-	-
Less: Provision for impairment	7.6.2					-	-	-	-	-
Azgard Nine Limited - TFC (May 17, 2010)		10,000	-	10,000	-	-	-	-	-	-
Less: Provision for impairment	7.6.2					-	-	-	-	-
Financial services										
Trust Investment Bank Limited - TFC (July 04, 2008)		23,877	-	-	23,877	44,499	-	-	-	-
Less: Provision for impairment	7.5.1					(44,499)	-	-	-	-
Total debt securities - quoted as at June 30, 2021						-	-	-	-	-
Total debt securities - quoted as at June 30, 2020						-	-	-	-	-
Unquoted										
Household goods										
New Allied Electronics Industries (Private) Limited - TFC (May 15, 2007)		13,000	-	-	13,000	13,068	-	-	-	-
Less: Provision for impairment	7.5.1					(13,068)	-	-	-	-
Chemical										
Agriotech Limited - PPTFC (January 14, 2008)		147,000	-	-	147,000	558,988	-	-	-	-
Less: Provision for impairment	7.5.1					(558,988)	-	-	-	-
Agriotech Limited - PPTFC (November 30, 2007)		58,000	-	-	58,000	254,223	-	-	-	-
Less: Provision for impairment	7.5.1					(254,223)	-	-	-	-
Agriotech Limited - Sukuk (August 06, 2008)		3,800	-	-	3,800	14,453	-	-	-	-
Less: Provision for impairment	7.5.1					(14,453)	-	-	-	-

Particulars	Note	Number of certificates				Balance as at June 30, 2021			Market value as a % of net assets	Market value as a % of total investments
		As at July 01, 2020	Purchased during the year	Sold / matured / written off during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain		
----- (Rupees in '000) ----- % -----										
Personal goods										
Azgard Nine Limited - PPTFC (December 04, 2007)		33,000	-	33,000	-	49,870				
Less: Provision for impairment	7.6.2					(49,870)				
Financial services										
Security Leasing Corporation Limited - Sukuk II (September 19, 2007)		15,000	-	-	15,000	16,451				
Less: Provision for impairment	7.5.1					(16,451)				
Total debt securities - unquoted as at June 30, 2021										
Total debt securities - unquoted as at June 30, 2020										

7.5.1 Due to non-recoverability of these investments, the Fund has classified these as non-performing securities and recognized full provision there against.

7.6 REVERSAL OF PROVISION AGAINST DEBT SECURITIES - NET

Pre-IPO placement
Less: Provision for impairment

Note	30 June 2021	30 June 2020
	--- (Rupees in '000) ---	
7.6.1	62,222	60,000
	(62,222)	(60,000)
	-	-

7.6.1 This represents Pre-IPO disbursement to Cement Company (the Company) made on January 14, 2008. As per the requirement of the Trust Deed, the IPO was to take place within 270 days of the initial disbursement, however, the Company has not yet arranged the IPO. Accordingly, the Management Company decided to suspend mark-up on this placement from October 29, 2008 and has recorded full provision against the said placement (including principal and interest) in accordance with circular no. 33 of 2012 issued by the SECP.

During the year, the Company has paid Rs.2.777 million against the said disbursement out of which Rs.1.944 million and Rs.0.833 million relates to interest and principal respectively. Accordingly, the Management Company has reversed the provision for impairment with the amount received.

7.6.2 During the year, Azgard Nine Limited has paid Rs. 33.446 and Rs.15.841 million related principal and interest respectively against the full and final settlement. Accordingly the Management Company has reversed the provision for impairment with the amount received and write off Rs.66.007 related to the remaining principal.

7.7 Details of non-compliant investments

Name of non-compliant investment	Type of investment	Note	As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying amount as at June 30, 2021	Percentage of total investment	percentage of net assets
			----- (Number of shares) -----						(Rupees in '000)
Azgard Nine Limited	Preference shares	7.7.1	200,000	-	-	200,000	-	-	-

7.7.1 These represents cumulative, non-voting, convertible and redeemable preference shares having a face value of Rs.10 each and carrying a profit rate of 8.95% per annum. These were due for redemption on September 30, 2009 but due to default by the company, management has made full provision of Rs.0.85 million against the outstanding amount.

7.8 Term Deposit Receipt

This represent Term Deposit Receipt with Allied Bank Limited having maturity on July 29, 2021 carries interest at the rate of 9% per annum.

8. ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150 and 151 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same shall be refunded in future years.

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
9. MARK-UP RECEIVABLE			
Mark-up receivable on:			
- Pakistan Investment Bonds		6,255	10,041
- Term finance certificates and sukuks		6,975	7,345
- Deposit accounts	9.1	3,939	2,338
- TDR		74	-
		<u>17,243</u>	<u>19,724</u>

9.1 This includes receivable of Rs.0.577 (2020: Rs.0.21) million on balances maintained with United Bank Limited and Rs.0.0002 (2020: Rs.0.0009) million on balances maintained with Khushhali Bank Limited (related parties).

10. DEPOSITS, PREPAYMENTS, DIVIDEND AND OTHER RECEIVABLES

Advance against NCCPL exposure margin		6,615	6,615
Exposure deposit with National Clearing Company Pakistan Limited (NCCPL) - Spread Transactions		16,549	26,696
Security deposit with NCCPL		3,000	3,000
CDC deposit		100	100
Prepaid expenses		250	249
Dividend Receivable		516	-
Other receivables		365	250
		<u>27,395</u>	<u>36,910</u>

11. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	11.1	1,114	493
Sales tax on management fee	11.2	145	64
Allocated expenses payable	11.3	3,552	156
Selling and marketing expenses payable	11.4	3,049	1,115
Sales load payable		182	374
Other payables		92	88
		<u>8,134</u>	<u>2,290</u>

11.1 The Management Company is entitled to remuneration for services rendered to the Fund at the rate of 8% of the daily gross earnings with minimum cap of 0.25% and maximum cap of 1.5% of average daily net assets. The remuneration is paid to the Management Company on monthly basis in arrears.

11.2 Sales tax at the rate of 13% (June 30, 2020: 13%) on gross value of management fee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

11.3 In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS). Accordingly, the Management Company, based on its own discretion, while keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations. During the year management company has charged 0.1% till April 01, 2021 and 0.85% from April 02, 2021 onwards per annum of average daily net assets.

11.4 In accordance with SECP vide circular 11 dated July 05, 2019, the AMCs are allowed to charge selling and marketing expenses to all categories of open end mutual funds except for fund of fund subject to verification of Trustee and approval of Board of Directors. Accordingly, the Management Company based on its own discretion has charged selling and marketing expenses at 0.4% per annum of the average daily net assets keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
12. PAYABLE TO THE TRUSTEE			
Remuneration payable	12.1	111	58
Sales tax on remuneration payable	12.2	14	7
		<u>125</u>	<u>65</u>

12.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (June 30, 2020: 0.075%) per annum of the average daily net assets.

12.2 Sales tax at the rate of 13% (June 30, 2020: 13%) on Trustee Remuneration is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

13. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.02% (2020: 0.02%) of the average daily net assets of the Fund.

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
14. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for indirect duties and taxes	14.1	24,359	24,359
Dividend payable		22,790	-
Auditors' remuneration		181	233
Brokerage payable		4,780	1,595
Withholding tax deducted at source payable		8,833	4,437
Capital gains tax payable		1,772	1,291
Provision for Sindh Workers' Welfare Fund (SWWF)	14.2	19,112	16,318
Legal and professional charges payable		98	98
Transaction charges payable to NCCPL		35	101
Payable against purchase of government securities		150,180	-
Payable against purchase of spread transactions		60,843	-
Sales load and other payables		1,658	4,624
		<u>294,641</u>	<u>53,056</u>

14.1 Provision for indirect duties and taxes

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

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representatives of Collective Investment Schemes through their trustees, challenging the levy of FED.

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

With effect from July 01, 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2021 aggregates to Rs.24.23 (2020: Rs.24.23) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2021 would have been higher by Rs.1.15 (2020: Rs.2.35) per unit.

14.2 Provision for Sindh Workers' Welfare Fund (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Fund Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments and based on the legal opinion obtained by MUFAP, regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have accordingly made provision in respect of SWWF as recommended by MUFAP.

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.91 (2020: Rs.1.58) per unit.

15. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 2.39% as on June 30, 2021 (2020: 2.28%) and this includes 0.37% (2020: 0.47%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an aggressive fixed income scheme.

16. CONTINGENCIES AND COMMITMENTS

- 16.1** Collective Investment Schemes (CIS) are exempt from income tax if they distribute at least 90% of their accounting income as per clause 99 of Part 1 of the Second Schedule of the Income Tax Ordinance 2001 (Ordinance).

During the period Additional Commissioner Inland Revenue (ACIR) passed an order for TY 2018 dated August 31, 2020 claiming that CIS failed to distribute 90% of its accounting income as per clause 99 of Part 1 of the Second Schedule of the Ordinance on the ground that income distributed on units redeemed by investors during the tax year cannot be treated as distribution of income and raised a demand of Rs. 43.65 million.

Aggrieved from the Order of ACIR, the CIS filed an appeal with Commissioner Appeals who via order dated December 08, 2020 upheld Assessment Order passed by CIR. The CIS in addition to filing an appeal in the Appellate Tribunal, which is pending adjudication, also filed a petition in Honorable High Court of Sindh (SHC) to grant stay against any recovery proceeding that may be initiated by the department along with nondeduction of Withholding tax by withholding agents under relevant sections of the Ordinance. The Honorable SHC granted stay on pending recovery and withholding of Tax via order dated December 12, 2020 and January 22, 2021 respectively. The appeal is under hearing before the Appellate Tribunal.

Moreover, Management believes that CIR has misinterpreted the concept of distribution of income considering how CIS continuously offer issuance and redemption of units at prevailing Net Assets Value (NAV) applicable at the time of offer and redemption. Henceforth, Distribution of income by collective investment schemes represents (a) the income already distributed upon redemption of units and (b) the income distributed by way of cash dividend. SECP being the regulatory body of the CIS agrees with the Management's view and is also actively following up with FBR for its early resolution.

Considering all above developments, the Management in consultation with the tax advisor appointed by MUFAP, is confident that the matter will be resolved in the favor of the CIS. Hence, no provision for taxation is made in these condensed interim financial statements.

- 16.2** There were no other contingencies as at June 30, 2021 and June 30, 2020.

17. AUDITORS' REMUNERATION

	June 30 2021	June 30 2020
	----- (Rupees in '000) -----	
Annual audit fee	93	91
Half yearly review fee	53	52
Other certifications and services	60	59
	206	202
Sales tax	17	16
Out of pocket expenses	15	14
	238	232

18. TAXATION

The income of the Fund is exempt from tax under clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent 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 NBFC Regulations, the Fund is required to distribute not less than 90 percent 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 has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders as explained above, no provision for taxation has been made in these financial statements during the year.

19. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of the Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Financial Services (Private) Limited, being entity under the common management or directorship, Central Depository Company of Pakistan Limited as trustee of the Fund, the directors key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules, NBFC Regulations and constitutive documents of the Fund respectively.

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

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
	June 30, 2021					
Transactions during the year						
Mark-up on bank accounts	-	1,496	-	-	-	-
Units issued	2,044,573	15,070	-	-	36,123	206,424
Units redeemed	1,935,580	-	-	-	21,285	-
Bank charges	-	12	-	-	-	-
Purchase of securities	-	-	-	58,136	-	-
Sale of securities	-	30,189	-	123,378	-	-
Remuneration*	11,117	-	1,184	-	-	-
Expenses allocated by the Management Company	4,187	-	-	-	-	-
Selling and marketing expenses	5,589	-	-	-	-	-
Central Depository Service charges	-	-	244	-	-	-
Dividend paid	9,746	1,336	-	-	2,117	20,847

	June 30, 2020					
Transactions during the year						
Mark-up on bank accounts	-	531	-	-	-	-
Units issued	4,186,225	-	-	-	4,573	403,294
Units redeemed	4,922,673	-	-	-	3,009	453,007
Bank charges	-	17	-	-	-	-
Purchase of securities	-	232,931	-	486,656	-	-
Sale of securities	-	332,254	-	2,492,435	-	-
Remuneration*	17,173	-	1,247	-	-	-
Expenses allocated by the Management Company	1,471	-	-	-	-	-
Selling and marketing expenses	5,883	-	-	-	-	-
Central Depository Service charges	-	-	45	-	-	-
Dividend paid	-	-	-	-	649	53,972
Listing fee	-	-	-	-	-	30

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
	June 30, 2021					
Balances held						
Units held (units in '000)	1,179	162	-	-	251	2,354
Units held (Rupees in '000)	100,284	13,751	-	-	21,365	200,149
Bank balances	-	98,337	-	-	-	-
Deposits	-	-	100	-	-	-
Mark-up receivable - bank balances	-	577	-	-	-	-
Remuneration payable	1,259	-	125	-	-	-
Expenses allocated by the Management Company	3,552	-	-	-	-	-
Sales load and other payable	182	280	-	-	-	-
Selling and marketing	3,049	-	-	-	-	-
CDC fee payable	-	-	45	-	-	-
Other payable	92	-	-	-	-	-

	June 30, 2020					
Balances held						
Units held (units in '000)	-	-	-	-	74	5,257
Units held (Rupees in '000)	-	-	-	-	249,115	17,742,075
Bank balances	-	4,590	-	-	-	-
Deposits	-	-	100	-	-	-
Mark-up receivable - bank balances	-	208	-	-	-	-
Remuneration payable	557	-	65	-	-	-
Expenses allocated by the Management Company	156	-	-	-	-	-
Sales load and other payable	374	95	-	-	-	-
Selling and marketing	1,115	-	-	-	-	-
CDC fee payable	-	-	45	-	-	-
Other payable	88	-	-	-	-	-

* Remuneration for the year is inclusive of sales tax.

20. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

The Fund's primary financial assets comprise of balances with banks and at fair value through profit and loss investments, comprising of equity securities of listed companies. The Fund also has dividend receivable, profit receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Management company, Trustee and SECP and accrued and other liabilities.

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis of variable rate instruments

As at June 30, 2021, the Fund holds variable rate term finance certificates and sukuks which are classified as 'designated at fair value through profit or loss' and bank balances, exposing the Fund to interest rate risk. In case of 100 basis points increase / decrease in interest rates at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.5.29 (2020: Rs.5.29) million.

June 30, 2021						
Exposed to interest rate risk						
On-balance sheet financial instruments	Interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to interest rate risk	Total
Financial assets						
Bank balances	4.5% - 7.85%	592,211	-	-	50	592,261
Investments classified as						
Designated at fair value through profit or loss	4% - 14.704%	8,000	110,832	564,933	-	1,313,506
Term Deposit Receipt	9%	150,000	-	-	-	150,000
Mark-up & dividend receivable		-	-	-	17,243	17,243
Deposits and other receivables		-	-	-	27,395	27,395
		<u>750,211</u>	<u>110,832</u>	<u>564,933</u>	<u>674,429</u>	<u>2,100,406</u>
Financial liabilities						
Payable to the Management Company		-	-	-	7,989	7,989
Payable to the Trustee		-	-	-	111	111
Accrued and other liabilities		-	-	-	217,758	217,758
		<u>-</u>	<u>-</u>	<u>-</u>	<u>225,858</u>	<u>225,858</u>
On-balance sheet gap		<u>750,211</u>	<u>110,832</u>	<u>564,933</u>	<u>448,572</u>	<u>1,874,548</u>
June 30, 2020						
Exposed to interest rate risk						
On-balance sheet financial instruments	Interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to interest rate risk	Total
Financial assets						
Bank balances	6.5% - 13.6%	329,718	-	-	59	329,777
Investments classified as						
'Designated at fair value through profit or loss'		-	-	198,845	-	198,845
Mark-up receivable		-	-	-	19,724	19,724
Deposits and other receivables		-	-	-	36,910	36,910
		<u>329,718</u>	<u>-</u>	<u>198,845</u>	<u>56,693</u>	<u>585,256</u>
Financial liabilities						
Payable to the Management Company		-	-	-	2,226	2,226
Payable to the Trustee		-	-	-	58	58
Accrued and other liabilities		-	-	-	6,635	6,635
		<u>-</u>	<u>-</u>	<u>-</u>	<u>8,919</u>	<u>8,919</u>
On-balance sheet gap		<u>329,718</u>	<u>-</u>	<u>198,845</u>	<u>47,774</u>	<u>576,337</u>

There is no off-balance sheet financial instrument that exists as at year ended June 30, 2021 and June 30, 2020.

20.2 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemption during the period. Further, the Fund also has the ability to suspend redemption of units with approval of Board of Directors of the Management Company in extraordinary circumstances.

The table below summarizes the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2021					
----- (Rupees in '000) -----					
Financial liabilities					
Payable to the Management Company	7,989	-	-	-	7,989
Payable to the Trustee	111	-	-	-	111
Accrued and other liabilities	217,594	164	-	-	217,758
Total liabilities	225,694	164	-	-	225,858
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2020					
----- (Rupees in '000) -----					
Financial liabilities					
Payable to the Management Company	2,226	-	-	-	2,226
Payable to the Trustee	58	-	-	-	58
Accrued and other liabilities	6,418	217	-	-	6,635
Total liabilities	8,702	217	-	-	8,919

20.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk:

	June 30, 2021	June 30, 2020
--- (Rupees in '000) ---		
Bank balances	592,261	329,777
Term finance certificates and sukuku	1,307,506	543,053

All deposits with Banks, CDC and NCCPL are highly rated and risk of default is considered minimal.

Investment in Government securities are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

The analysis below summarizes the credit quality of the Fund's portfolio in total as on June 30, 2021 and June 30, 2020:

Bank balances by rating category		
AAA	3.12%	3.074%
AA- to AA+	96.86%	96.905%
A- to A+	0.02%	0.018%
Others	0.00%	0.003%
Total	100%	100%
Term finance certificates by rating category		
AAA	13.01%	20.84%
AA- to AA+	62.75%	79.162%
A- to A+	24.24%	0.000%
Others	0.00%	0.00%
Total	100.00%	100%

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

20.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

20.5 Impact of COVID 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

20.6 Unit holders' fund risk management

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

The following table shows financial

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

As at June 30, 2021 and June 30, 2020, the Fund held the following instruments measured at fair values:

	Fair value			Total
	Level 1	Level 2	Level 3	
June 30, 2021	----- (Rupees) -----			
Financial assets measured at fair value through profit or loss				
Government securities	-	471,943	-	471,943
Quoted Equity securities	629,741	-	-	629,741
Debt securities	181,981	23,841	-	205,822
	811,722	495,785	-	1,307,506

	Fair value			Total
	Level 1	Level 2	Level 3	
June 30, 2020	----- (Rupees) -----			
Financial assets measured at fair value through profit or loss				
Debt securities	96,314	446,739	-	543,053

During the year ended June 30, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

21.1 Valuation techniques used in determination of fair values within level 2

21.1.1 Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates (Reuters page).

21.1.2 Investments in term finance and sukuk certificates issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

22. SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

23. GENERAL

23.1 Figures have been rounded off to the nearest thousand rupee.

23.2 Earnings per unit has not been disclosed as in the opinion of the Management Company, determination of the cumulative weighted average number of outstanding units is not practicable.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 16, 2021 by the Board of Directors of the Management Company.

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

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL Growth & Income Fund

1. Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain*
Number	1	1	-	-
Percentage	100%	100%	-	-

*Reasons for abstaining shall be disclosed (if applicable).

2. Details where Management Company did not participate in investee company's shareholders meetings (if applicable)

3. The proxy voting policy of the Fund is available on the website of UBL Fund Managers Limited (Management Company) and detailed information regarding actual proxies voted by the Management Company in respect of the Fund is also available without charge, upon request, to all unit holders.

UDEF

UBL Dedicated Equity Fund

INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide other 'Fund of Funds' schemes, Separately Managed Accounts (only managed by UBL Fund Managers) and UBL Fund Managers Limited as Management Company an avenue for investing in Equities.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	EY Ford Rhodes, Chartered Accountants
Bankers	United Bank Limited JS Bank Limited Soneri Bank Limited
Management Co. Rating	AM1 (VIS)

Fund Manager's Report – UBL Dedicated Equity Fund (UDEF)

- i) **Description of the Collective Investment Scheme category and type**
Equity / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
The investment objective of the Fund is to provide other 'Fund of Funds' schemes, Separately Managed Accounts (only managed by UBL Fund Managers) and UBL Fund Managers Limited as Management Company an avenue for investing in Equities.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
KSE-100 Index
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	FYTD
UDEF	13.32%	6.08%	-1.37%	-1.50%	2.73%	4.51%	5.48%	-1.14%	-3.68%	-1.22%	7.73%	2.52%	37.38%
Benchmark	14.05%	4.72%	-1.31%	-1.68%	2.96%	6.54%	6.01%	-1.12%	-2.78%	-0.73%	8.21%	-1.13%	37.58%

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

The investment objective of the Fund is to provide other 'Fund of Funds' schemes an avenue for investing in Equities. During the period under review, the fund posted a return of 37.38% whereas benchmark index yielded 37.58%. The fund size stood at PKR 31mn at end of Jun'21 and the fund manager maintained the exposure in local equity market of around 80.1% while exposure in cash stood at 9.8% at the end of Jun21.

Major exposure in equities is taken in Commercial Banks (15%), E&Ps (11%), Fertilizer (11%), and Textile (9%).

- vi) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-20	Jun-21
Equities	88%	80%
T-bills	0%	0%
Cash	3%	10%
Others	10%	10%
Leverage	Nil	0%

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

FY'21 Return:	37.38%
Standard Deviation (12m trailing):	14.50%
Sharpe Ratio (12m trailing):	2.09

viii) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-21	30-Jun-20	Change	30-Jun-21	30-Jun-20	Change
Rupees (000)		%	Rupees		%
30,923	36,568	(15.44)	118.4446	37.38	86.2147

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

Stock Market Review for FY21

After the muted performance (+1.5% YoY) in the previous year, the benchmark KSE - 100 index came with a strong recovery during the year under review with the benchmark index increased by 37.5% YoY. The robust performance of local equity market was mainly driven by:

- 1) Ease in lock down restriction;
- 2) Improving macroeconomic indicators (above-expected GDP growth, higher remittances flows and benign current account);
- 3) Noticeable decline in COVID-19 cases from peak of 6,000 to below 2,000 cases;
- 4) Accommodative policy measures by the authorities to boost the economic activity and aggregate demand; and
- 5) Improving political situation (cracks in PDM opposition alliance and peaceful end to TLP protests).

Encouraging volumes were seen in the market with average traded value and volume increasing by 115% / 93% YoY, respectively. Foreigners remained net sellers offloading shares amounting to USD 387 million during the year. Among domestic investors, individuals and companies remained net buyers, mopping up shares worth USD 332 million and USD 137 million, respectively.

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

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----		

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

There were no significant changes in the state of affairs of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

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

Range of Units	Number of Investors
	UDEF
0.0001 - 9,999.9999	4
10,000.0000 - 49,999.9999	2
50,000.0000 - 99,999.9999	-
100,000.0000 - 499,999.9999	2
500,000.0000 & Above	-
Total	8

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

There were no unit splits during the period.

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

Investments are subject to market risk.

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

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

PERFORMANCE TABLE

UBL Dedicated Equity Fund

	2021	2020	2019
NET ASSETS AS AT 30 JUNE - Rupees in '000	30,923	36,568	181,583
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *			
Class A units - Offer	118.4446	86.2142	80.8948
- Redemption	118.4446	86.2142	80.8948
RETURN OF THE FUND - %			
Total Return of the Fund	37.38	6.58	(17.56)
Capital Growth (per unit)	37.38	6.58	(17.56)
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
AVERAGE ANNUAL RETURN - %			
One Year	37.38	6.58	(17.56)
Second Year	21.98	(5.49)	(9.72)
Third Year	8.80	(4.28)	-
OFFER / REPURCHASE DURING THE YEAR- Rupees *			
Highest price per unit - Class A units - Offer	120.0714	103.1018	102.0185
Highest price per unit - Class A units - Redemption	120.0714	103.1018	102.0185
Lowest price per unit - Class A units - Offer	87.1433	67.6286	79.7907
Lowest price per unit - Class A units - Redemption	87.1433	67.6286	79.7907
* Front-end load @ 3% is applicable			
PORTFOLIO COMPOSITION - %			
Percentage of Net Assets as at 30 June			
PORTFOLIO COMPOSITION BY CATEGORY - %			
Bank Balances	9.8	3.00	1.00
Equity securities	80.1	88.00	96.00
Others	10.10	9.00	2.00
PORTFOLIO COMPOSITION BY MARKET - %			
Equity market	100.00	100.00	100.00
Debt Market	-	-	-

Note:

- The Launch date of Fund is 29 May 2018

DISCLAIMER

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com




TRUSTEE REPORT TO THE UNIT HOLDERS

UBL DEDICATED EQUITY FUND

**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Dedicated Equity Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 14, 2021



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL Dedicated Equity Fund

YEAR ENDED: JUNE 30, 2021

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations, (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Dedicated Equity Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Huma Pasha*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed** Mr. Arif Akmal Saifie Syed Furrukh Zaeem
Female Director	Ms. Huma Pasha* Ms. Sadia Saeed**

* Ms. Huma was appointed as a director with effect from September 04, 2020

** Ms. Sadia Saeed has resigned effective July 19, 2021

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.



9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- Mr. Imran Sarwar
- Mr. Yasir Qadri
- Ms. Huma Pasha
- Ms. Sadia Saeed
- Syed Furrukh Zaeem

Executives

- Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - Mr. Umair Ahmed (Chief Financial Officer)
 - Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Executive Officer (CEO) and CFO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Huma Pasha*	Chairman	Independent Director
Mr. Arif Akmal Saifie	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed**	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Ms. Huma Pasha*	Member	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Sadia Saeed**	Member	Non-Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifi	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrukh Zaeem	Member	Non-Executive Director

* Ms. Huma was appointed as a director with effect from September 04, 2020

** Ms. Sadia Saeed has resigned effective July 19, 2021

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:
- The Board Audit Committee: quarterly - four meetings held
 - The Board Human Resource and Compensation Committee: quarterly – four meetings held
 - The Board Risk and Compliance Committee: quarterly - four meetings held



15. The Board has set up an effective internal audit function. The function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is as follows:

S.no	Non-Mandatory Requirement	Reg. No.	Explanation
1.	Independent Director The independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher. When there are seven directors on the board of the company the fraction of independent director share comes at 2.33. The company may round up or provide reason for contrary.	6	The two independent directors have requisite education and extensive and suitable experience to carry out their responsibilities, therefore the Board has not appointed the third independent director.
2.	Nomination Committee The board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29	Currently, the board has not constituted a separate NC and the functions are being performed by the BHRCC


AZHAR HAMID
Chairman

Karachi.
Dated: August 17, 2021

To the unitholders of UBL Dedicated Equity Fund

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

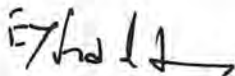
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Dedicated Equity Fund** (the Fund) for the year ended **30 June 2021** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, the Fund's related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2021.



Chartered Accountants

Place: Karachi

Date: 24 September 2021

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Dedicated Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Dedicated Equity Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2021**, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of bank balances and investments	
As disclosed in notes 6 and 7 to the accompanying financial statements of the Fund for the year ended 30 June 2021, the bank balances and investments (comprised of equity securities) held by the Fund represent 90% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2021 and reconciled it with the books and records of the Fund.



Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> - We tested controls over acquisition, disposals and periodic valuation of investments portfolio. - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations, and related reconciliations, re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange as at 30 June 2021. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

FA

-: 3 :-

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

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

-: 4 :-

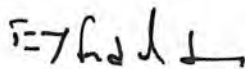
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Date: 24 September 2021

Karachi

UBL DEDICATED EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021

	June 30, 2021	June 30, 2020
Note	----- (Rupees in '000) -----	
ASSETS		
Bank balances	3,191	1,064
Investments	26,055	33,993
Dividend and mark-up receivable	140	1,047
Advance tax	49	47
Security deposit and other receivable	2,972	2,500
Preliminary expenses and floatation costs	119	182
Total assets	32,526	38,833
LIABILITIES		
Payable to the Management Company	59	111
Payable to the Trustee	6	7
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	7	32
Accrued and other liabilities	1,531	1,051
Payable against purchase of investments	-	1,064
Total liabilities	1,603	2,265
NET ASSETS	30,923	36,568
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	30,923	36,568
CONTINGENCIES AND COMMITMENTS	17 ----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	261,077	424,153
NET ASSETS VALUE PER UNIT	118.4446	86.2142

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

**UBL DEDICATED EQUITY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020 -----
INCOME			
Mark-up on bank accounts		285	1,723
Dividend income		1,604	7,637
Unrealised gain on revaluation of investments classified as at fair value through profit or loss - net		2,856	1,877
Gain / (Loss) on sale of investments classified as at fair value through profit or loss - net		8,620	(11,540)
Total Income/ (loss)		13,365	(303)
EXPENSES			
Remuneration of the Management Company	12.1	227	3,232
Sales tax on management fee	12.2	91	420
Allocated expenses by the Management Company	12.3	14	162
Selling and marketing expenses	12.4	48	646
Remuneration of the Trustee	13.1	70	347
Sales tax on remuneration of the Trustee	13.2	9	45
Annual fee to SECP	14	7	32
Amortization of preliminary expenses and floatation costs	11	62	62
Brokerage expenses		176	706
Auditors' remuneration	18	472	408
Legal and professional charges		187	224
Custody and settlement charges		291	472
Bank charges and other expenses		39	57
Total expenses		1,693	6,813
Net Income / (loss) for the year from operating activities		11,672	(7,116)
Provision for Sindh Workers' Welfare Fund (SWWF)	15.1	229	-
Net Income / (loss) for the year before taxation		11,443	(7,116)
Taxation	19	-	-
Net Income / (loss) for the year after taxation		11,443	(7,116)
<i>Allocation of net income for the year:</i>			
Net income for the year after taxation		11,443	-
Income already paid on units redeemed		6,891	-
		4,552	-
<i>Accounting income available for distribution</i>			
- Relating to capital gains		4,552	-
- Excluding capital gains		-	-
		4,552	-
Earnings per unit	25.2		

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

**UBL DEDICATED EQUITY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Net income/ (loss) for the year after taxation	11,443	(7,116)
Other comprehensive income	-	-
Total comprehensive income/ (loss) for the year	<u>11,443</u>	<u>(7,116)</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

**UBL DEDICATED EQUITY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / loss for the year before taxation	11,443	(7,116)
Adjustments for:		
Mark-up on bank accounts	(285)	(1,723)
Unrealised gain on revaluation of investments classified as at fair value through profit or loss - net	(2,856)	(1,877)
Dividend income	(1,604)	(7,637)
(Gain) / loss on sale of investments classified as fair value through profit and loss - net	(8,620)	11,540
Amortization of preliminary expenses and floatation costs	62	62
	(13,303)	365
Decrease / (increase) in assets		
Investments	19,415	132,415
Security deposit and other receivable	(472)	-
Receivable against sale of investment	-	428
	18,943	132,843
(Decrease) / increase in liabilities		
Payable to the Management Company	(52)	(495)
Payable to the Trustee	(1)	(31)
Annual fee payable to SECP	(25)	(124)
Payable against purchase of investments	(1,064)	889
Accrued and other liabilities	480	437
	(662)	676
Advance tax paid	(2)	(5)
Mark-up and dividend received	2,796	9,503
Net cash generated in operating activities	19,215	136,266
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipt from issuance of units	17,548	319,095
Net payment against redemption of units	(34,636)	(456,994)
Net cash (used) in financing activities	(17,088)	(137,899)
Net increase / (decrease) in cash and cash equivalents during the year	2,127	(1,633)
Cash and cash equivalents at beginning of the year	1,064	2,697
Cash and cash equivalents at end of the year	3,191	1,064
CASH AND CASH EQUIVALENTS		
Bank balances	3,191	1,064

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL DEDICATED EQUITY FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021			June 30, 2020		
	Capital value	Undistributed Income/loss	Total	Capital value	Undistributed loss	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the year	74,898	(38,330)	36,568	212,797	(31,214)	181,583
Amount received on issuance of 151,502 units (June 30, 2020: 3,712,418 units)						
Capital value	13,062	-	13,062	300,315	-	300,315
Element of income during the year;						
- Relating to net income / (loss) for the year after taxation	4,486	-	4,486	18,780	-	18,780
	17,548	-	17,548	319,095	-	319,095
Amount paid on redemption of 314,579 units (June 30, 2020: 5,532,947 units)						
Capital value	(27,121)	-	(27,121)	(447,586)	-	(447,586)
Element of income during the year;						
- Relating to net income / (loss) for the year after taxation	(624)	(6,891)	(7,515)	(9,408)	-	(9,408)
	(27,745)	(6,891)	(34,636)	(456,994)	-	(456,994)
Total comprehensive Income/ loss for the year	-	11,443	11,443	-	(7,116)	(7,116)
Distribution during the year	-	-	-	-	-	-
Net profit/loss for the year less distribution	-	11,443	11,443	-	(7,116)	(7,116)
Net assets at end of the year	64,701	(33,778)	30,923	74,898	(38,330)	36,568
Undistributed income brought forward:						
- Realised	-	(40,207)	(40,207)	-	(1,923)	(1,923)
- Unrealised	-	1,877	1,877	-	(29,291)	(29,291)
	-	(38,330)	(38,330)	-	(31,214)	(31,214)
Accounting income available for distribution:						
- Relating to capital gains	-	4,552	4,552	-	-	-
- Excluding capital gains	-	-	-	-	-	-
	-	4,552	4,552	-	-	-
Net loss for the year after taxation	-	-	-	-	(7,116)	(7,116)
Distribution during the year	-	-	-	-	-	-
Undistributed loss carried forward	-	(33,778)	(33,778)	-	(38,330)	(38,330)
Undistributed loss carried forward						
- Realised	-	(36,634)	(36,634)	-	(40,207)	(40,207)
- Unrealised	-	2,856	2,856	-	1,877	1,877
	-	(33,778)	(33,778)	-	(38,330)	(38,330)
				-- (Rupees) --		-- (Rupees) -
Net assets value per unit at beginning of the year			86.2142			80.8948
Net assets value per unit at end of the year			118.4446			86.2142

The annexed notes from 1 to 26 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

**UBL DEDICATED EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Dedicated Equity Fund, was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited), as the Management Company, and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on April 10, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 02, 2018 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund commenced its operations from May 29, 2018.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.3 The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for subscription on a continuous basis to the public. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.
- 1.4 The investment objective of the fund is to provide other 'Fund-of-Funds' schemes an avenue for investing in Equities.
- 1.5 VIS Credit Rating Company has reaffirmed management quality rating of AM1 on December 31, 2020.
- 1.6 Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.7 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration.

2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
 - The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

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

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which are measured at fair value.

3.2 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an on-going basis.

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years.

4.1 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRS 3 – Business Combinations – Previously held interests in a joint operation

IFRS 9 – Financial instruments – Prepayment Features with Negative Compensation (Amendments)

IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)

IFRS 11 – Joint Arrangements – Previously held interests in a joint operation

IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)

IFRS 14 – Regulatory Deferral Accounts

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017 which became effective in the current period.

The adoption of the above amendments to accounting standards and interpretations did not have any material effect on the financial statements.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.3 Financial assets

4.3.1 Classification

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Equity instruments

An equity instrument held for trading purposes is classified as measured at FVTPL.

Initial Measurement

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Subsequent Measurement

Financial assets at fair value through profit or loss

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from CIS units measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

4.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

4.5 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

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

4.6 Offsetting of financial assets and liabilities

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

4.7 Preliminary expenses and floatation costs

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund as preliminary expenses and floatation costs which are to be amortized by the Fund over a period of five years commencing from May 29, 2018 in accordance with the Trust Deed and the NBFC Regulations.

4.8 Issuance and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for purchase of units are received (however, units are issued on the receipt of cash/ realization of cheques). The offer price represents the net asset value per unit at the end of the business day plus allowable sales load, if applicable. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit at the end of the business day less duties, taxes, charges on redemption and provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

4.9 Net assets value per unit

The net assets value 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.

4.10 Taxation

The Fund is exempt from taxation under clause 99 of Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realized and unrealized capital gains for the year is distributed amongst the Fund's unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

4.11 Revenue recognition

Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

Dividend income is recognized when the right to receive the dividend is established.

Unrealized gains / (losses) arising on revaluation of investments classified as 'at fair value through profit or loss' are included in Income Statement in the period in which they arise.

Mark-up on bank balances is recorded on accrual basis.

4.12 Provisions

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

4.13 Distribution to unit holders

Distribution to unit holders is recognized when they are declared by the Board of Directors of the Management Company (BOD) in their meeting, or upon declaration and approval by the Chief Executive Officer on behalf of the BOD.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Definition of a Business - Amendments to IFRS 3	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
IAS - 1: Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020

Standard or Interpretation	Effective date (annual periods beginning on or after)
Covid-19-Related Rent Concessions – Amendment to IFRS 16	June 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – - Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

	June 30, 2021	June 30, 2020
Note	----- (Rupees in '000) -----	-----
6. BANK BALANCES		
Bank account - saving account	6.1 <u>3,191</u>	<u>1,064</u>
6.1 These carry mark- up at the rates ranging from 5.5% to 7.30% (June 30, 2020: 6.5% to 11.25%) per annum and includes a balance of Rs.3.175 (June 30, 2020: Rs.1.04) million held with United Bank Limited (a related party).		
7. INVESTMENTS		
Investments by Category		
At fair value through profit or loss		
- Equity securities - listed	7.1 <u>26,055</u>	<u>33,993</u>

7.1 Equity securities classified as 'Fair value classified through profit and loss'

Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise

Name of Investee Company	Note	Number of shares				Balance as at June 30, 2021			Market value as a % of net assets	Market value as a % of total investments	Par value as percentage of total paid up capital of the investee company	
		As at July 01, 2020	Purchased during the period	Bonus / right issue during the year	Sold during the period	As at June 30, 2021	Carrying value	Market value				(Diminution) / appreciation
----- (Rupees in '000) -----												
Cement												
Kohat Cement Company Limited		9,840	2,000	-	6,500	5,340	783	1,103	320	3.57%	4.23%	0.003%
Lucky Cement Limited		3,158	800	-	3,450	508	332	439	106	1.42%	1.68%	0.000%
Pioneer Cement Limited		-	15,500	-	10,000	5,500	689	721	32	2.33%	2.77%	0.002%
Thatta Cement Company Limited		-	25,000	-	25,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited		-	12,000	-	12,000	-	-	-	-	-	-	-
							1,804	2,262	458	7.31%	8.68%	
Oil and gas exploration companies												
Mari Petroleum Company Limited		2,097	-	-	940	1,157	1,431	1,764	333	5.70%	6.77%	0.001%
Oil and Gas Development Company Limited	7.1.1	19,568	-	-	9,700	9,868	1,076	938	(138)	3.03%	3.60%	0.000%
Pakistan Oilfields Limited		112	4,700	-	4,780	32	12	13	0.17	0.04%	0.05%	0.000%
Pakistan Petroleum Limited	7.1.1	15,675	2,000	-	6,900	10,775	957	936	(21)	3.03%	3.59%	0.000%
							3,476	3,650	174	11.80%	14.01%	
Oil and gas marketing companies												
Pakistan State Oil Company Limited		3,683	-	-	3,400	283	45	63	19	0.21%	0.24%	0.000%
Attock Petroleum Limited		-	900	-	-	900	307	289	(18)	0.93%	1.11%	0.001%
Hi-Tech Lubricants Limited		-	8,000	-	8,000	-	-	-	-	0.00%	0.00%	0.000%
Sui Northern Gas Pipelines Limited		-	15,000	-	15,000	-	-	-	-	0.00%	0.00%	0.000%
							352	352	1	1.14%	1.35%	
Food and personal care products												
Al Shaheer Corporation Limited		1,576	38,038	-	39,538	76	1	2	1	0.00%	0.01%	0.000%
Unity Foods Limited		-	76,084	-	75,542	542	15	24	9	0.08%	0.09%	0.000%
The Organic Meat Company Limited		-	18,000	-	-	18,000	641	661	20	2.14%	2.54%	0.016%
Shezan International Limited		-	1,500	-	-	1,500	524	497	(27)	1.61%	1.91%	0.017%
Treet Corp Limited		-	17,000	-	10,000	7,000	266	346	80	1.12%	1.33%	0.004%
							1,448	1,530	83	4.95%	5.87%	
Fertilizer												
Engro Fertilizers Limited		20,000	4,000	-	24,000	-	-	-	-	0.00%	0.00%	0.000%
Engro Corporation Limited		7,023	6,000	-	12,950	73	21	22	0.48	0.07%	0.08%	0.000%
Fatima Fertilizer Company Limited		7,500	-	-	7,500	-	-	-	-	0.00%	0.00%	0.000%
Fauji Fertilizer Bin Qasim Limited		-	20,000	-	-	20,000	564	528	(36)	0.02	2.03%	0.002%
Fauji Fertilizer Company Limited		8,091	8,000	-	12,300	3,791	413	402	(11)	1.30%	1.54%	0.000%
							998	952	(46)	3.08%	3.65%	
Chemicals												
Engro Polymers and Chemicals Limited		11,613	10,000	-	15,500	6,113	171	289	118	0.93%	1.11%	0.001%
ICI Pakistan Limited		50	-	-	-	50	35	43	9	0.14%	0.17%	0.000%
Itehad Chemicals Limited		25,742	-	-	25,000	742	20	28	9	0.09%	0.11%	0.001%
Sitara Chemical Industries Limited		1,234	-	-	1,234	-	-	-	-	0.00%	0.00%	0.000%
Sitara Peroxide Limited		17,000	-	-	17,000	-	-	-	-	0.00%	0.00%	0.000%
Dynea Pakistan Limited*		-	5,800	-	3,000	2,800	580	619	39	2.00%	2.37%	0.030%
							805	979	175	3.17%	3.76%	
Transport												
Pakistan National Shipping Corporation Limited		2,000	4,000	-	6,000	-	-	-	-	0.00%	0.00%	0.000%
							-	-	-	0.00%	0.00%	
Investment Banking												
Arif Habib Limited		1,000	9,500	-	10,000	500	19	41	21	0.13%	0.16%	0.001%
Dawood Hercules Limited		-	2,500	-	2,500	-	-	-	-	0.00%	0.00%	0.000%
							19	41	21	0.13%	0.16%	

Name of Investee Company	Note	Number of shares					Balance as at June 30, 2021			Market value as a % of net assets	Market value as a % of total investments	Par value as percentage of total paid up capital of the investee company
		As at July 01, 2020	Purchased during the period	Bonus / right issue during the year	Sold during the period	As at June 30, 2021	Carrying value	Market value	(Diminution) / appreciation			
----- (Rupees in '000) -----												
Miscellaneous												
Synthetic Products Enterprises Limited		7,400	20,500	895	25,395	3,400	128	146	19	0.47%	0.56%	0.004%
Tri-Pak Films Limited		-	9,300	-	9,300	-	-	-	-	0.00%	0.00%	0.000%
Shifa International Hospitals Limited		-	1,500	-	1,500	-	-	-	-	0.00%	0.00%	0.000%
Pakistan International Bulk Terminal Limited		-	33,000	-	33,000	-	-	-	-	0.00%	0.00%	0.000%
MACPAC Films Limited		-	30,000	-	30,000	-	-	-	-	0.00%	0.00%	0.000%
							128	146	19	0.47%	0.56%	
SYNTHETIC & RAYON												
Image Pakistan Limited		-	21,000	-	20,500	500	10	13	3	0.04%	0.05%	0.001%
							10	13	3	0.04%	0.05%	
Technology and communication												
Systems Limited		6,750	85	-	5,900	935	156	524	368	1.69%	2.01%	0.001%
							156	524	368	1.69%	2.01%	
Automobile parts and accessories												
Thal Limited *		2,114	2,200	-	2,100	2,214	930	936	6	3.03%	3.59%	0.003%
Panther Tyres Limited		-	9,500	-	-	9,500	654	657	3	2.12%	2.52%	0.007%
Agriaautos Industries Limited*		-	3,000	-	3,000	-	-	-	-	0.00%	0.00%	0.000%
							1,584	1,593	9	5.15%	6.11%	
Leather and tanneries												
Service Industries Limited		90	2,034	-	850	1,274	554	749	194	2.42%	2.87%	0.003%
Bata Pakistan Limited		-	240	-	240	-	-	-	-	-	-	0.000%
Service Global Footwear Limited		-	5,500	-	2,000	3,500	194	202	8	0.65%	0.78%	0.002%
							749	951	202	3.08%	3.65%	
Engineering												
Aisha Steel Mills Limited		-	-	-	-	-	-	-	-	-	-	-
International Steels Limited		-	-	-	-	-	-	-	-	-	-	-
Aisha Steel Limited		-	62,500	-	62,500	-	-	-	-	0.00%	0.00%	0.000%
International Steel Limited		-	11,000	-	11,000	-	-	-	-	0.00%	0.00%	0.000%
International Industries Limited		20	6,000	-	6,000	20	4	4	-	0.01%	0.02%	0.000%
							4	4	-	0.01%	0.02%	
Insurance												
Adamjee Insurance Company Limited		25,485	0	-	25,485	-	-	-	-	0.00%	0.00%	0.000%
IGI Holdings Limited		2,000	0	-	2,000	-	-	-	-	0.00%	0.00%	0.000%
							-	-	-	0.00%	0.00%	
Commercial banks												
Allied Bank Limited		23,174	-	-	23,000	174	13	13	(0)	0.05%	0.05%	0.000%
Bank Alfalah Limited	7.1.1	31,961	11,000	-	22,000	20,961	712	675	(37)	2.18%	2.59%	0.001%
Bank AL Habib Limited		26,000	-	-	9,700	16,300	852	1,143	290	3.70%	4.39%	0.001%
Habib Bank Limited		18,301	5,000	-	20,500	2,801	300	343	43	1.11%	1.32%	0.000%
Habib Metropolitan Bank Limited		-	21,000	-	-	21,000	838	853	15	2.76%	3.27%	0.002%
MCB Bank Limited		4,500	-	-	4,500	-	-	-	-	0.00%	0.00%	0.000%
United Bank Limited		20,909	12,300	-	17,900	15,309	1,683	1,871	187	6.05%	7.18%	0.001%
National Bank of Pakistan Limited		1,174	-	-	-	1,174	32	43	10	0.14%	0.16%	0.000%
Faysal Bank Limited		86	-	-	-	86	1	1	0	0.00%	0.01%	0.000%
							4,433	4,941	508	15.99%	18.96%	
Textile composite												
Gul Ahmed Textile Mills Limited		11,854	30,070	-	23,500	18,424	878	935	56	3.02%	3.59%	0.004%
Interloop Limited		-	8,000	-	-	8,000	576	560	(15)	1.81%	2.15%	0.001%
Kohinoor Textile Mills Limited	7.1.1	27,145	1,000	-	19,000	9,145	336	688	352	2.22%	2.64%	0.003%
Nishat Mills Limited		9,690	3,200	-	12,890	-	-	-	-	0.00%	0.00%	0.000%
Nishat (Chuian) Limited		-	10,000	-	9,000	1,000	37	50	14	0.16%	0.19%	0.000%
Towellers Limited		-	5,000	-	-	5,000	487	620	133	2.00%	2.38%	0.029%
							2,313	2,853	539	9.23%	10.95%	

Name of Investee Company	Note	As at July 01, 2020	Number of shares				Balance as at June 30, 2021			Market value as a % of net assets	Market value as a % of total investments	Par Value as percentage of total paid up capital of the investee company
			Purchased during the period	Bonus / right issue during the year	Sold during the period	As at June 30, 2021	Carrying value	Market value	Appreciation / (diminution)			
----- (Rupees in '000) -----												
Power generation and distribution												
Hub Power Company Limited		22,830	26,200	-	22,200	26,830	2,102	2,138	36	6.91%	8.20%	0.002%
Kot Addu Power Company Limited		-	15,500	-	15,500	-	-	-	-	0.00%	0.00%	0.000%
K-Electric Limited **		453	-	-	-	453	1	2	1	0.01%	0.01%	0.000%
Lalpir Power Limited		357	-	-	357	-	-	-	-	0.00%	0.00%	0.000%
Pakgen Power Limited		13,918	-	-	13,918	-	-	-	-	0.00%	0.00%	0.000%
Saif Power Limited		184	-	-	-	184	3	3	0	0.01%	0.01%	0.000%
							2,106	2,143	36	6.93%	8.22%	
Paper and board												
Century Paper & Board Mills Limited		13,351	5,170	-	18,521	-	-	-	-	0.00%	0.00%	0.000%
Cherat Packaging Limited		3,000	-	-	3,000	-	-	-	-	0.00%	0.00%	0.000%
							-	-	-	0.00%	0.00%	
Pharmaceuticals												
The Searle Company Limited		1,900	4,377	-	4,000	2,277	506	552	46	1.79%	2.12%	0.001%
Highnoon Labourites Limited		-	1,950	-	300	1,650	949	990	41	3.20%	3.80%	0.004%
IBL Health Care Limited		3,000	-	-	3,000	-	-	-	-	0.00%	0.00%	0.000%
Sanofi-Aventis Limited		-	300	-	-	300	260	276	16	0.89%	1.06%	0.003%
Glaxo SmithKline Healthcare Pakistan Limited		-	1,000	-	1,000	-	-	-	-	0.00%	0.00%	0.000%
							1,715	1,819	104	5.88%	6.98%	
Glass and Ceramics												
Shabbir Tiles & Ceramics Limited *		-	30,500	-	20,000	10,500	296	350	54	1.13%	1.34%	0.006%
Tariq Glass Industries Limited		-	6,500	-	6,500	-	-	-	-	0.00%	0.00%	0.000%
							296	350	54	1.13%	1.34%	
Cable and Electrical Goods												
Waves Singer Limited		-	19,000	-	19,000	-	-	-	-	0.00%	0.00%	0.000%
EMCO Industries Limited		-	12,500	-	-	12,500	420	561	141	1.81%	2.15%	0.036%
							420	561	141	1.81%	2.15%	
Automobile Assembler												
Millat Tractors Limited		-	292	-	200	92	106	99	(6)	0.32%	0.38%	0.000%
Indus Motors Company Limited		-	950	-	950	-	-	-	-	0.00%	0.00%	0.000%
Pak Suzuki Motors Company Limited		-	3,200	-	3,200	-	-	-	-	0.00%	0.00%	0.000%
Honda Atlas Cars Limited		-	8,600	-	8,600	-	-	-	-	0.00%	0.00%	0.000%
AL-Ghazi Tractors Limited*		-	800	-	-	800	278	292	13	0.94%	1.12%	0.003%
							384	391	7	1.26%	1.50%	
Total as at June 30, 2021							23,199	26,055	2,856			
Total as at June 30, 2020							32,116	33,993	1,877			

* These have a face value of Rs.5 per share.

** These have a face value of Rs.3.5 per share.

June 30, 2021

10.2.1 These Ijarah sukuk certificates have face value of Rs.400 million and were issued in February 2016. These carry profit equal to the rate of latest weighted average yield of six-month Market Treasury Bills (MTBs) per annum, receivable semi-annually in arrears with no floor or cap and will mature in Feb 2019. These sukuk certificates carry the sovereign guarantee of the Government of Pakistan and are redeemable in full on maturity. As at June 30, 2017, profit at 6.10% per annum was due on these sukuk certificates.

7.1.1 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin:

	(Number of shares)	(Rupees in '000)
Bank Alfalah Limited	10,000	322
Kohinoor Textile Mills Limited	7,000	526
Pakistan Petroleum Limited	10,000	868
Oil and Gas Development Company Limited	5,000	475
	32,000	2,191

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
8. DIVIDEND AND MARK-UP RECEIVABLE			
Dividend receivable		130	58
Mark-up receivable on bank account	8.1	<u>10</u>	<u>989</u>
		<u>140</u>	<u>1,047</u>

8.1 This includes receivable of Rs.0.01 (2020: Rs.0.99) million on balances maintained with United Bank Limited (a related party).

9. ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150 and 151 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT) 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150 and 151 of ITO 2001. The management is confident that the same shall be refunded in future years.

		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
10. SECURITY DEPOSIT			
Deposit with National Clearing Company of Pakistan Limited (NCCPL)		2,500	2,500
Receivable from UBL Fund Managers Limited		<u>472</u>	<u>-</u>
		<u>2,972</u>	<u>2,500</u>

		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
11. PRELIMINARY EXPENSES AND FLOATATION COSTS			
Preliminary expenses and floatation costs	11.1	182	244
Amortization during the year		<u>(63)</u>	<u>(62)</u>
		<u>119</u>	<u>182</u>

11.1 This represents all expenses incurred in connection with the incorporation, registration, establishment and authorization of the Fund which will be amortized by the Fund over a period of five years commencing from May 29, 2018 in accordance with the Trust Deed and the NBFC Regulations.

		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
12. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable	12.1	51	60
Sales tax on remuneration payable	12.2	7	8
Allocated expenses payable	12.3	1	7
Selling and marketing expenses payable	12.4	<u>-</u>	<u>36</u>
		<u>59</u>	<u>111</u>

12.1 The Management Company charged remuneration at the rate of 2 percent (June 30, 2020: 2 percent) per annum of the average daily net assets of the Fund. The remuneration is paid to the Management Company on monthly basis in arrears. This include reimbursement from the management company amounting to Rs.0.472 million.

12.2 Sales tax on the management remuneration has been charged at the rate of 13% (June 30, 2020: 13%).

12.3 In accordance with Regulation 60 of the NBFC Regulations, an asset management company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS). Accordingly, the Management Company, based on its own discretion, while keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, has charged its fees on following rates:

2021			
Rate applicable from July 1, 2020 to March 10, 2021	Rate applicable from March 11, 2021 to May 6, 2021	Rate applicable from May 7, 2021 to May 24, 2021	Rate applicable from May 25, 2021 to June 30, 2021
0.1% per annum of average daily net assets	0.25% per annum of average daily net assets	0.35% per annum of average daily net assets	0.15% per annum of average daily net assets

12.4 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company based on its own discretion has charged selling and marketing expenses at 0.4% for the period July 1, 2020 to October 19, 2020 of the average daily net assets keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008.

		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
13. PAYABLE TO THE TRUSTEE			
Remuneration payable	13.1	5	6
Sales tax on remuneration payable	13.2	<u>1</u>	<u>1</u>
		<u>6</u>	<u>7</u>

13.1 The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

As per the Trust Deed and Offering Document, the tariff structure applicable to the Fund in respect of the trustee fee for the year ended June 30, 2021 is as follows:

Net assets	Tariff per annum
Up to Rs.1.000 million	0.20% p.a. of net assets of the Fund
On an amount exceeding Rs.1.000 million	Rs.2.00 million plus 0.10% p.a. of net assets of the Fund, on amount exceeding Rs.1,000 million

13.2 Sales tax on the trustee remuneration has been charged at the rate of 13% (2020: 13%)

14. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

SECP, vide SRO no. 685(I)/2019 dated June 28, 2019, the rate of annual fee at 0.02% (2020: 0.02%) of net assets on all categories of collective investment schemes which is effective from July 01, 2019.

Note	June 30,	June 30,
	2021	2020
	----- (Rupees in '000) -----	
15. ACCRUED AND OTHER LIABILITIES		
Auditors' remuneration	434	408
Provision for Sindh Workers' Welfare Fund (SWWF)	15.1 242	13
Brokerage payable	56	465
Legal and professional charges	170	165
Capital gain tax payable (DED ON RED OF UNITS)	629	-
	<u>1,531</u>	<u>1,051</u>

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (S) 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Fund Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments and based on the legal opinion obtained by MUFAP, regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have accordingly made provision in respect of SWWF as recommended by MUFAP.

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision not being made, the net asset value per unit as at June 30, 2021 would have been higher by Rs. 0.93 (2020: Rs. 0.03) per unit.

16. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 5.50% as on June 30, 2021 and this includes 1.02% representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio, after excluding the Government Levy, Sindh Worker's Welfare Fund and SECP fee is within the maximum limit of 4.5% prescribed under the NBFC Regulation 60(5) for a collective investment scheme categorised as an equity scheme.

17. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2021 (June 30, 2020: Nil)

18. AUDITORS' REMUNERATION

Annual audit fee	254	218
Half yearly review fee	87	75
Other certification and services	68	58
	<u>409</u>	<u>351</u>
Sales tax	33	28
Out of pocket	30	29
	<u>472</u>	<u>408</u>

19. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has no distributable income, therefore no distribution has been made by the Fund. Accordingly, no provision for taxation has been recognized in these financial statements.

20. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties comprise of United Bank Limited (Holding Company of the Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Financial Services (Private) Limited, being entity under the common management or directorship, Central Depository Company of Pakistan Limited as trustee of the Fund, the directors key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules, NBFC Regulations and constitutive documents of the Fund respectively.

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

	Management company	Associated companies	Trustee	Funds under common management	Directors and key executives	Other connected persons / related parties
	(Rupees in '000)					
For the year ended June 30, 2021						
Transactions during the year						
Mark-up on bank account	-	284	-	-	-	-
Bank charges	-	13	-	-	-	-
Units issued	-	-	-	-	-	12,692
Units redeemed	-	-	-	-	-	14,079
Central Depository Service expenses (Remuneration *)	318	-	10	79	-	-
Allocated expenses by the Management Company	14	-	-	-	-	-
Selling and marketing expense	48	-	-	-	-	-
Purchase of securities	-	1,412	-	-	-	-
Sale of securities	-	2,094	-	-	-	-
As at June 30, 2021						
Balances held						
Units held (units in '000)	-	-	-	-	-	245
Units held (Rupees in '000)	-	-	-	-	-	29,019
Bank balances	-	3,175	-	-	-	-
Remuneration payable	58	-	6	-	-	-
Selling and marketing expenses payat	-	-	-	-	-	-
Mark-up receivable	-	10	-	-	-	-
Allocated expenses payable	1	-	-	-	-	-
Investments	-	1,871	-	-	-	-
Receivable from UBL Fund Managers Limited	-	472	-	-	-	-
For the year ended June 30, 2020						
Transactions during the year						
Mark-up on bank account	-	1,721	-	-	-	-
Bank charges	-	14	-	-	-	-
Units issued	-	-	-	249,438	-	33,702
Units redeemed	-	-	-	370,290	-	8,721
Central Depository Service expenses (Remuneration *)	3,652	-	15	392	-	-
Allocated expenses by the Management Company	162	-	-	-	-	-
Selling and marketing expense	646	-	-	-	-	-
Purchase of securities	-	9,677	-	-	-	-
Sale of securities	-	20,319	-	-	-	-
As at June 30, 2020						
Balances held						
Units held (units in '000)	-	-	-	-	-	422
Units held (Rupees in '000)	-	-	-	-	-	36,373
Bank balances	-	1,048	-	-	-	-
Remuneration payable	68	-	7	-	-	-
Selling and marketing expenses payat	36	-	-	-	-	-
Mark-up receivable	-	989	-	-	-	-
Allocated expenses payable	7	-	-	-	-	-
Investments	-	2,161	-	-	-	-

* Remuneration for the year is inclusive of sales tax.

21. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risks is the creation and protection of Unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

The Fund's primary financial assets comprise of balances with banks and at fair value through profit and loss investments, comprising of equity securities of listed companies. The Fund also has dividend receivable, profit receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Management company, Trustee and SECP and accrued and other liabilities.

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity security prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the market interest rates.

a) Sensitivity analysis of variable rate instruments

Presently, the Fund does not hold any variable profit based investment except balances with banks in deposit account exposing the Fund to cash flow profit rate risk. The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.0.03 (2020: Rs.0.01) million.

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2021, the Fund does not hold any fixed rate instruments and is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

	June 30, 2021					Total
	Interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	
Up to three months		More than three months	More than one year	(Rupees in '000)		
On-balance sheet financial instruments						
Financial assets						
Investments classified as:						
At fair value through profit or loss -						
- Listed equity securities	-	-	-	-	26,055	26,055
Bank balances	5.5 - 7.30%	3,191	-	-	-	3,191
Dividend and mark-up receivable		-	-	-	140	140
Security deposit		-	-	-	2,972	2,972
		<u>3,191</u>	<u>-</u>	<u>-</u>	<u>29,167</u>	<u>32,358</u>
Financial liabilities						
Payable to the Management Company						
		-	-	-	52	52
Payable to the Trustee						
		-	-	-	5	5
Accrued and other liabilities						
		-	-	-	627	627
		<u>-</u>	<u>-</u>	<u>-</u>	<u>684</u>	<u>684</u>
On-balance sheet gap		<u>3,191</u>	<u>-</u>	<u>-</u>	<u>28,483</u>	<u>31,674</u>

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2021

June 30, 2020					
Interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Up to three months	More than three months	More than one year		
	(Rupees in '000)				
On-balance sheet financial instruments					
Financial assets					
Investments classified as:					
At fair value through profit or loss -					
- Listed equity securities	-	-	-	33,993	33,993
Bank balances	6.5 - 11.25%	1,064	-	-	1,064
Dividend and mark-up receivable		-	-	1,047	1,047
Security deposit		-	-	2,500	2,500
		<u>1,064</u>	<u>-</u>	<u>37,540</u>	<u>38,604</u>
Financial liabilities					
Payable to the Management Company					
		-	-	103	103
Payable to the Trustee					
		-	-	6	6
Accrued and other liabilities					
		-	-	1,010	1,010
Payable against purchase of investments					
		-	-	1,064	1,064
		<u>-</u>	<u>-</u>	<u>2,183</u>	<u>2,183</u>
On-balance sheet gap		<u>1,064</u>	<u>-</u>	<u>35,522</u>	<u>36,586</u>

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2020

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to foreign currency risk as all transactions were carried out in Pak Rupee.

(iii) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair value of equity securities. The equity price risk exposure arises from the Fund's investments in equity securities for which prices in the future are uncertain. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines or the requirements of NBFC regulations.

The Fund manages the risk by limiting exposure to any single investee company to the extent of 10% of issued capital of that investee company and the net assets of the Fund with overall limit of 30% to a single industry sector of the net assets of the Fund (the limit set by NBFC regulations). The Fund also manages its exposure to price risk by reviewing portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation.

Details of the Fund's investment in industrial / economic sector are given in note 7.

The following table illustrates the sensitivity of the income for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each Statement of Assets and Liabilities date, with all other variables held constant.

	June 30, 2021	June 30, 2020
	(Rupees in '000)	
Income statement	1,303	1,700
Unit holders' fund	1,303	1,700

21.2 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

In order to manage the Fund's overall liquidity, the Fund has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such request would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemption during the year. Further, the Fund also has the ability to suspend redemption of units with approval of Board of Directors of the Management Company in extraordinary circumstances.

The table below summarizes the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining year at the end of the reporting year to the contractual maturity date.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- (Rupees in '000) -----					
June 30, 2021					
Financial liabilities					
Payable to the Management Company	52	-	-	-	52
Payable to the Trustee	5	-	-	-	5
Accrued and other liabilities	56	571	-	-	627
Total liabilities	113	571	-	-	684
----- (Rupees in '000) -----					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
June 30, 2020					
Financial liabilities					
Payable to the Management Company	103	-	-	-	103
Payable to the Trustee	6	-	-	-	6
Payable against purchase of investments	1,064	-	-	-	1,064
Accrued and other liabilities	56	954	-	-	1,010
Total liabilities	1,229	954	-	-	2,183

21.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk as at June 30, 2021:

	June 30, 2021	June 30, 2020
(Rupees in '000)		
Bank balances	3,191	1,064
Dividend and mark-up receivable	140	1,047
Security deposit	2,500	2,500

All deposits with bank and NCCPL are highly rated and risk of default is considered minimal.

The analysis below summarizes the credit quality of the Fund's bank balances as on June 30, 2021

	June 30, 2021	June 30, 2020
----- (%) -----		
Rating by Rating Category		
AAA	99.5	98.6
AA- to AA+	0.5	1.4
Total	100	100

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

21.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

21.5 Impact of COVID 19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CIs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

22. UNIT HOLDERS' FUND

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown in the 'Statement of Movement in Unit Holders' Fund'.

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

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowings or disposal of investments, where necessary.

As mentioned in the Offering Document, the requirements of NBFC Regulations in relation to maintenance of minimum fund size are not applicable to this Fund.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has no affect on these financial statements.

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

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

As at June 30, 2021 and June 30, 2020, the Fund held the following instruments measured at fair values:

	June 30, 2021			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets measured at fair value				
Equity securities - listed	<u>26,055</u>	-	-	<u>26,055</u>
	June 30, 2020			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets measured at fair value				
Equity securities - listed	<u>33,993</u>	-	-	<u>33,993</u>

During the year ended June 30, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

24. SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

25. GENERAL

25.1 Figures have been rounded off to the nearest thousand rupee.

25.2 Earnings per unit has not been disclosed as in the opinion of the Management Company, determination of the cumulative weighted average number of outstanding units is not practicable.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on
August 16, 2021.

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

SD
Chief Executive Officer

SD
Director

SD
Chief Financial Officer

**SUPPLEMENTARY NON-FINANCIAL INFORMATION
AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J)
OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES
AND NOTIFIED ENTITIES REGULATIONS, 2008**

(i) **PATTERN OF UNIT HOLDING**

Category	Number of unit holders	Number of units held	% of total
Individuals	2	1,726	1%
Others	4	230,186	88%
Public limited companies	1	1,270	0%
Retirement funds	1	27,895	11%
	8	261,077	100%

(ii) **TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID**

Name	%
Nael Capital Private Limited	19%
Khadim Ali Shah Bukhari Securities (Pvt) Ltd.	16%
Ismail Iqbal Securities (Private) Limited	10%
BIPL Securities Limited (Formerly Kasb Sec)	9%
Habib Metropolitan Financial Services Limited	6%
Al Habib Capital Markets (Pvt.) Limited	5%
Next Capital Limited	5%
DJM Securities Pvt Limited	3%
EFG Hermes Pakistan Limited	3%
Topline Securities (Private) Limited	3%

(iii) **THE MEMBERS OF THE INVESTMENT COMMITTEE**

Investment Committee				
S.No	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	CEO	25	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	20	CFA, MBA
3	Irfan Nepal	Chief Dealer & Fund Manager	26	EMBA
4	Hadi Hassan Muki	Head of Compliance	21	BCOM
5	Mubashir Anis	Fund Manager Equity	9	BS, CFA
6	Muhammad Waseem	Head Research	7	BBA, CFA

OTHER FUNDS MANAGED BY THE FUND MANAGER

UBL Financial Sector Fund
UBL Pakistan Exchange Traded Fund
UBL Stock Advantage Fund

(iv) MEETING OF THE DIRECTORS

Following is the analysis of the attendance in the meetings of the Board of Directors of the Management Company during the year:

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

	August 10, 2020	September 24, 2020	October 29, 2020	December 7, 2020	February 25, 2021	April 28, 2021	Total meetings attended
Directors:							
Mr. Arif Akmal Saifie	✓	✓	✓	✓	x	x	4
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	x	✓	6
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Huma Pasha *	N/A	✓	✓	✓	✓	✓	5
Ms. Sadia Saeed	✓	✓	✓	✓	✓	✓	6
Syed Furrukh Zaeem	✓	✓	✓	✓	✓	✓	6
Key Executives:							
Mr. Bilal Javaid ***	✓	✓	✓	✓	✓	✓	6
Mr. Umair Ahmed	✓	✓	✓	✓	✓	✓	6

* Ms. Huma Pasha appointed as Director with effect from September 04, 2020

✓	Present
x	Absent
N/A	Not Applicable

(v) RATING OF THE FUND AND THE MANAGEMENT COMPANY

VIS Credit Rating Company has reaffirmed management quality rating of AM1 on December 31, 2020.

UBL Dedicated Equity Fund

1. Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain*
Number	10	10	-	-
Percentage	100%	100%	-	-

*Reasons for abstaining shall be disclosed (if applicable).

2. Details where Management Company did not participate in investee company's shareholders meetings (if applicable)

3. The proxy voting policy of the Fund is available on the website of UBL Fund Managers Limited (Management Company) and detailed information regarding actual proxies voted by the Management Company in respect of the Fund is also available without charge, upon request, to all unit holders.

UFSF

UBL Financial Sector Fund

INVESTMENT OBJECTIVE

The objective is to provide investors long-term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential preferably in the Financial Sector.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	BDO Ebrahim & Co., Chartered Accountants
Bankers	Allied Bank Limited United Bank Limited Soneri Bank Limited
Management Co. Rating	AM 1 (VIS Credit Rating Company Limited)

Fund Manager's Report – UBL Financial Sector Fund (UFSF)

- i) **Description of the Collective Investment Scheme category and type**
Equity / Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
The objective is to provide investors long-term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential preferably in the Financial Sector.
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
KSE-100 Index
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	FYTD
UFSF	15.05%	2.95%	-2.74%	-2.59%	3.04%	3.02%	6.29%	-7.76%	-1.86%	1.98%	5.99%	-2.59%	20.69%
Benchmark	14.05%	4.72%	-1.31%	-1.68%	2.96%	6.54%	6.01%	-1.12%	-2.78%	-0.73%	8.21%	-1.13%	37.58%

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

The objective is to provide investors long-term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential preferably in the Financial Sector. During FY21, the fund posted a return of 20.69%. The fund manager maintained the exposure in local equity market of around 89.1% while exposure in cash stood at 10.2% at the end of Jun'21. The net assets of the fund were PKR 875mn at the end of Jun'21..

- vi) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-20	Jul-21
Equities	92%	89%
T-bills	0%	0%
Cash	1%	10%
Others	6%	1%
Leverage	Nil	Nil

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

FY'21 Return:	20.69%
Standard Deviation (12m trailing):	14.96%
Sharpe Ratio (12m trailing):	0.91

viii) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-21	30-Jun-20	Change	30-Jun-21	30-Jun-20	Change
Rupees (000)		%	Rupees		%
875,498	626,295	39.79	75.0080	67.9130	20.69

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

Stock Market Review for FY21

After the muted performance (+1.5% YoY) in the previous year, the benchmark KSE - 100 index came with a strong recovery during the year under review with the benchmark index increased by 37.5% YoY. The robust performance of local equity market was mainly driven by:

SSSS

1) Ease in lock down restriction;

2) Improving macroeconomic indicators (above-expected GDP growth, higher remittances flows and benign current account);

3) Noticeable decline in COVID-19 cases from peak of 6,000 to below 2,000 cases;

4) Accommodative policy measures by the authorities to boost the economic activity and aggregate demand; and

5) Improving political situation (cracks in PDM opposition alliance and peaceful end to TLP protests).

Encouraging volumes were seen in the market with average traded value and volume increasing by 115% / 93% YoY, respectively. Foreigners remained net sellers offloading shares amounting to USD 387 million during the year. Among domestic investors, individuals

and companies remained net buyers, mopping up shares worth USD 332 million and USD 137 million, respectively.

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

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----		
June 25, 2021	-	75,305	7	82.0251	75.0251

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

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

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

Range of Units	Number of Investors
	UFSF
0.0001 - 9,999.9999	156
10,000.0000 - 49,999.9999	35
50,000.0000 - 99,999.9999	8
100,000.0000 - 499,999.9999	10
500,000.0000 & Above	3
Total	212

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

There were no unit splits during the period.

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

Investments are subject to market risk.

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

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

PERFORMANCE TABLE

UBL Financial Sector Fund

	2021	2020	2019
NET ASSETS AS AT 30 JUNE - Rupees in '000	875,498	626,295	861,353
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *			
Class A units - Offer	77.5508	70.2153	82.875
- Redemption	75.0080	67.913	80.1577
RETURN OF THE FUND - %			
Total Return of the Fund	20.69	(15.28)	(12.13)
Capital Growth (per unit)	13.69	(15.28)	(12.13)
Date of Income Distribution	-	-	-
Income Distribution	-	-	-
Date of Income Distribution	25-Jun-21	-	-
Income Distribution	7.00	-	-
AVERAGE ANNUAL RETURN - %			
One Year	20.69	(15.28)	(12.13)
Second Year	2.71	(13.71)	(10.46)
Third Year	(2.24)	(12.06)	-
OFFER / REPURCHASE DURING THE YEAR- Rupees *			
Highest price per unit - Class A units - Offer	90.1611	100.548	101.2762
Highest price per unit - Class A units - Redemption	87.2049	97.2512	97.9555
Lowest price per unit - Class A units - Offer	68.9952	63.0467	82.2532
Lowest price per unit - Class A units - Redemption	66.733	60.9795	79.5562
* Front-end load @ 3% is applicable			
PORTFOLIO COMPOSITION - %			
Percentage of Net Assets as at 30 June			
PORTFOLIO COMPOSITION BY CATEGORY - %			
Bank Balances	10.2	1	7
Equity Securities	89.1	92	92
Others	0.7	7	1
PORTFOLIO COMPOSITION BY MARKET - %			
Equity Market	100.00	100.00	100.00
Debt	-	-	-

Note:

- The Launch date of Fund is 6 April 2018

DISCLAIMER

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

UBL FINANCIAL SECTOR FUND

**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Financial Sector Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 14, 2021



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: UBL Financial Sector Fund
YEAR ENDED: JUNE 30, 2021

The Securities and Exchange Commission of Pakistan (SECP) has exempted open-end collective investment schemes from the requirements of the Listed Companies (Code of Corporate Governance) Regulations, (the Regulations). However, the Board of Directors (the Board) of UBL Fund Managers Limited [the Management Company of UBL Financial Sector Fund (the Fund)], for the purpose of establishing a framework of good governance has voluntarily opted to comply with the relevant provisions of the Regulations.

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
 - a. Male: Five Directors; and
 - b. Female: Two Directors.
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Azhar Hamid
	Ms. Huma Pasha*
Executive Directors	Mr. Yasir Qadri
Non-Executive Directors	Mr. Imran Sarwar
	Ms. Sadia Saeed**
	Mr. Arif Akmal Saifie Syed Furrugh Zaeem
Female Director	Ms. Huma Pasha*
	Ms. Sadia Saeed**

* Ms. Huma was appointed as a director with effect from September 04, 2020

** Ms. Sadia Saeed has resigned effective July 19, 2021

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of its directors in accordance with the Act and these Regulations.



9. The following directors and executives have acquired the prescribed Directors' Training Program (DTP) certification:

Directors

- Mr. Imran Sarwar
- Mr. Yasir Qadri
- Ms. Huma Pasha
- Ms. Sadia Saeed
- Syed Furrugh Zaeem

Executives

- Mr. Hadi Hassan Mukhi (Head of Compliance and Risk)
 - Mr. Umair Ahmed (Chief Financial Officer)
 - Mr. Zeeshan Quddus (Chief Business Development Officer)
10. The Board has approved appointment of Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Executive Officer (CEO) and CFO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Board Audit Committee

Name	Designation	Type of Directorship
Ms. Huma Pasha*	Chairman	Independent Director
Mr. Arif Akmal Saifie	Member	Non-Executive Director
Mr. Imran Sarwar	Member	Non-Executive Director
Ms. Sadia Saeed**	Member	Non-Executive Director

Board Human Resource and Compensation Committee

Name	Designation	Type of Directorship
Mr. Azhar Hamid	Chairman	Independent Director
Ms. Huma Pasha*	Member	Independent Director
Mr. Yasir Qadri	Member	Executive Director
Ms. Sadia Saeed**	Member	Non-Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

Board Risk and Compliance Committee

Name	Designation	Type of Directorship
Mr. Imran Sarwar	Chairman	Non-Executive Director
Mr. Azhar Hamid	Member	Independent Director
Mr. Arif Akmal Saifi	Member	Non-Executive Director
Mr. Yasir Qadri	Member	Executive Director
Syed Furrugh Zaeem	Member	Non-Executive Director

* Ms. Huma was appointed as a director with effect from September 04, 2020

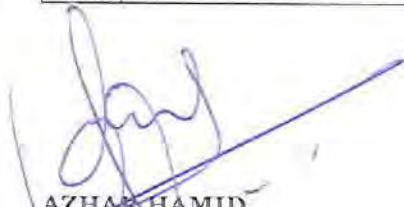
** Ms. Sadia Saeed has resigned effective July 19, 2021

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per following:
- The Board Audit Committee: quarterly - four meetings held
 - The Board Human Resource and Compensation Committee: quarterly – four meetings held
 - The Board Risk and Compliance Committee: quarterly - four meetings held



15. The Board has set up an effective internal audit function. The function has suitably qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or directors of the Management Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is as follows:

S.no	Non-Mandatory Requirement	Reg. No.	Explanation
1.	Independent Director The independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher. When there are seven directors on the board of the company the fraction of independent director share comes at 2.33. The company may round up or provide reason for contrary.	6	The two independent directors have requisite education and extensive and suitable experience to carry out their responsibilities, therefore the Board has not appointed the third independent director.
2.	Nomination Committee The board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29	Currently, the board has not constituted a separate NC and the functions are being performed by the BHRCC


AZHAR HAMID
Chairman

Karachi.
Dated: August 17, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF UBL FINANCIAL SECTOR FUND ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AS ADOPTED BY THE BOARD OF DIRECTORS OF UBL FUND MANAGERS LIMITED

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) as adopted by the Board of Directors (the Board) of UBL Fund Managers Limited, the Management Company of UBL Financial Sector Fund (the Fund) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended June 30, 2021.

We draw attention to the following paragraph as detailed in the Statement of Compliance:

"The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited, the Management Company of the Fund, for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2019 (The Code)."

KARACHI

DATED: SEPTEMBER 23, 2021



CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UBL Financial Sector Fund ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2021, and 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the Key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>Existence and valuation of investments</p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2021, the investments held by the Fund comprised of equity securities amounting to Rs. 814.585 million which represent 89% of the total assets of the Fund as at the year end.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">We evaluated the design and implementation of key controls of investment and tested controls over acquisition, disposals and periodic valuation of investments portfolio.

S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. Further, the Fund is required to be compliant with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) with respect to investments.</p> <p>In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<ul style="list-style-type: none"> • We performed substantive audit procedures on year-end balance of investment portfolio including review of custodian's statement, and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at June 30, 2021 and matching the valuation of investment with that appearing in the financial statements. • We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and documented and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance. • We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the NBFC Regulations and whether the Fund's disclosures in relation to the valuation of investments are compliant with the relevant accounting requirements.
2.	<p>Recognition, measurement and presentation of 'Element of Income'</p> <p>Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss and bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed".

S.NO	Key audit matter(s)	How the matter was addressed in our audit
	<p>As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund.</p> <p>Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'.</p> <p>The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed.</p> <p>The Fund has to distribute not less than 90 percent of its accounting income for the year (excluding capital gains whether realized or unrealized). However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.</p> <p>Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.</p>	<ul style="list-style-type: none"> • We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss. • We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund. • We also evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.

Information other than the financial statements and auditor's report thereon

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Company and its Board of Directors

The Management Company ("UBL Fund Management Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 23 SEP 2021



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

**UBL FINANCIAL SECTOR FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2021**

	2021	2020
Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
ASSETS		
Bank balances	5 93,113	7,224
Investments	6 814,585	595,852
Mark-up receivable	7 579	1,256
Deposits and other receivables	8 5,282	39,733
Preliminary expenses and floatation costs	9 423	662
Advance tax	10 40	39
TOTAL ASSETS	<u>914,022</u>	<u>644,766</u>
LIABILITIES		
Payable to UBL Fund Managers Limited - Management Company	11 15,335	5,080
Payable to Central Depository Company of Pakistan Limited - Trustee	12 156	120
Payable to Securities and Exchange Commission of Pakistan	13 214	157
Accrued expenses and other liabilities	14 22,819	13,114
TOTAL LIABILITIES	<u>38,524</u>	<u>18,471</u>
NET ASSETS	<u>875,498</u>	<u>626,295</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		
	<u>875,498</u>	<u>626,295</u>
CONTINGENCIES AND COMMITMENTS		
	15	
	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	16 <u>11,672,058</u>	<u>9,222,014</u>
	----- (Rupees) -----	
NET ASSETS VALUE PER UNIT	<u>75.0080</u>	<u>67.9130</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL FINANCIAL SECTOR FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
Note	----- (Rupees in '000) -----	-----
INCOME		
Financial income	3,562	3,544
Dividend income	102,048	54,893
Capital gain on sale of investments - net	44,868	14,725
Unrealised gain / (loss) on remeasurement of investments classified as at fair value through profit or loss	11,520	(156,329)
Total profit / (loss)	<u>161,998</u>	<u>(83,167)</u>
EXPENSES		
Remuneration of UBL Fund Managers Limited - Management Company	11.1 21,403	15,744
Sindh Sales Tax on Management Company's remuneration	11.2 2,783	2,047
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12.1 2,230	1,777
Annual fee of Securities and Exchange Commission of Pakistan	13.1 214	157
Auditors' remuneration	17 341	325
Brokerage and settlement expenses	5,045	1,303
Allocated expenses	963	787
Fees and subscription charges	28	28
Legal and professional charges	183	158
Amortization of preliminary expenses and floatation costs	239	240
Selling and marketing expenses	11.3 18,482	6,960
Total operating expenses	<u>51,911</u>	<u>29,526</u>
Net profit / (loss) from operating activities	<u>110,087</u>	<u>(112,693)</u>
Provision for Sindh Workers' Welfare Fund	14.1 (2,161)	-
Net profit / (loss) for the year before taxation	<u>107,926</u>	<u>(112,693)</u>
Taxation	18 -	-
Net profit / (loss) for the year after taxation	<u>107,926</u>	<u>(112,693)</u>
Allocation of net profit for the year		
Income already paid on units redeemed	(21,896)	-
Net Income available for distribution	<u>86,030</u>	<u>-</u>
Accounting income available for distribution:		
Relating to capital gains	52,496	-
Excluding capital gains	33,534	-
	<u>86,030</u>	<u>-</u>
Earnings per unit	19	

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL FINANCIAL SECTOR FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	----- (Rupees in '000) -----	
Net profit/(loss) for the year	107,926	(112,693)
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) for the year	<u>107,926</u>	<u>(112,693)</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL FINANCIAL SECTOR FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / (loss) for the year before taxation	107,926	(112,693)
Adjustments for:		
Financial income	(3,562)	(3,544)
Dividend income	(102,048)	(54,893)
Capital gain on sale of investments - net	(44,868)	(14,725)
Provision for Sindh Workers' Welfare Fund	2,161	-
Unrealised (gain) / loss on remeasurement of investments classified as at fair value through profit or loss	(11,520)	156,329
	<u>(159,837)</u>	<u>83,167</u>
Cash used in operations before working capital changes	(51,911)	(29,526)
Working capital changes		
Decrease / (increase) in assets		
Investments - net	(162,344)	61,139
Preliminary expenses and flotation costs	239	240
Deposits and prepayments	34,451	(37,215)
Advance tax	(1)	-
	<u>(127,655)</u>	<u>24,164</u>
Increase / (decrease) in liabilities		
Payable to UBL Fund Managers Limited - Management Company	10,255	1,123
Payable to Central Depository Company of Pakistan Limited - Trustee	36	(47)
Annual fee payable to Securities and Exchange Commission of Pakistan	57	(448)
Accrued expenses and other liabilities	7,544	9,405
	<u>17,892</u>	<u>10,033</u>
Profit received on bank balances	4,238	5,429
Dividend received	102,048	54,893
Net cash (used in) / generated from operating activities	<u>(55,388)</u>	<u>64,993</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	2,243,025	657,267
Payments against redemption of units	(2,004,547)	(779,631)
Income already paid on units redeemed	(21,896)	-
Dividend paid	(75,305)	-
Net cash generated from / (used in) financing activities	<u>141,277</u>	<u>(122,364)</u>
Net increase / (decrease) in cash and cash equivalents	85,889	(57,371)
Cash and cash equivalents at the beginning of the year	<u>7,224</u>	<u>64,596</u>
Cash and cash equivalents at the end of the year	<u><u>93,113</u></u>	<u><u>7,224</u></u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

**UBL FINANCIAL SECTOR FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	2021			2020		
	Capital value	Undistributed loss	Total	Capital value	Undistributed loss	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	859,554	(233,259)	626,295	981,918	(120,565)	861,353
Issuance of 27,718,758 units (2020: 7,866,635 units)						
Capital value of units	1,882,465	-	1,882,465	630,571	-	630,571
Element of income	360,560	-	360,560	26,696	-	26,696
Total proceeds on issuance of units	2,243,025	-	2,243,025	657,267	-	657,267
Redemption of 25,268,714 units (2020: 9,390,351 units)						
Capital value of units	1,716,075	-	1,716,075	(752,709)	-	(752,709)
Element of loss	(3,720,622)	(21,896)	(3,742,518)	(26,922)	-	(26,922)
Total payments on redemption of units	(2,004,547)	(21,896)	(2,026,443)	(779,631)	-	(779,631)
Total comprehensive income/(loss) for the year	-	107,926	107,926	-	(112,694)	128,525
Distribution for the year ended June 30, 2021 Rs. 7 per unit	-	(75,305)	(75,305)	-	-	-
Net assets at the end of the year	1,098,032	(222,535)	875,498	859,554	(233,259)	626,295
Undistributed loss brought forward comprises of:						
Realised loss		(76,930)	(76,930)		(9,249)	(9,249)
Unrealised loss		(156,329)	(156,329)		(111,316)	(111,316)
Total undistributed loss brought forward		(233,259)	(233,259)		(120,565)	(120,565)
Income available for distribution:						
Relating to capital gains		52,496	52,496		-	-
Excluding capital gains		33,534	33,534		-	-
		86,030	86,030		-	-
Distribution for the year ended June 30, 2021 Rs. 7 per unit		(75,306)	(75,306)		-	-
Net loss for the year		-	-		(112,693)	(112,693)
Undistributed loss carried forward		(222,535)	(222,535)		(233,259)	(233,259)
Undistributed loss carried forward comprises of:						
Realised loss		(234,055)	(234,055)		(76,930)	(76,930)
Unrealised gain		11,520	11,520		(156,329)	(156,329)
Total undistributed loss carried forward		(222,535)	(222,535)		(233,259)	(233,259)
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			67.9130			80.1577
Net assets value per unit at the end of the year			75.0080			67.9130

The annexed notes from 1 to 31 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL FINANCIAL SECTOR FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 UBL Financial Sector Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under the Trust Deed, dated February 21, 2018 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund has been registered as a notified entity on March 12, 2018 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 4th floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
- 1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.
- 1.3 The Fund is an equity scheme (sector specific) and units of the Fund are listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units were initially offered to public on IPO dated April 05, 2018 and are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorised as an open-ended sector (equity) scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4 The principal activity of the Fund is to provide investors long term capital appreciation by investing primarily in a mix of actively managed portfolio of listed equities that offer capital gains and dividends yield potential, preferably in financial sector.
- 1.5 Title to the assets of the Fund are held in the name of the CDC as the trustee of the Fund.
- 1.6 VIS Credit Rating Company Limited has assigned an asset manager quality rating of 'AM1' (stable outlook) to the Management Company as on December 31, 2020.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except investments that are stated at fair values. These financial statements have been prepared by following accrual basis of accounting except for cash flows information.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Classification and measurement of financial assets and financial liabilities

For details please refer notes 4.2.1.1 and 6 to these financial statements.

Impairment of financial assets

For details please refer notes 4.2.1.2 to these financial statements.

Provision for taxation

For details please refer notes 4.6 and 20 to these financial statements.

Sindh Workers' Welfare Fund

For details please refer note 14.1 to these financial statements.

Other assets

Judgement is involved in assessing the realisability of other assets balances.

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

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

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.

January 01, 2020

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023

	Effective date (annual periods beginning on or after)
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at nominal values.

4.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.2.1 Financial assets

4.2.1.1 Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in income statement.
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Financial assets	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in income statement.
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**Debt investments
at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

4.2.2 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investment, deposits, loans, advances, other receivables and bank balances.

4.2.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

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

4.2.4 Offsetting of financial assets and liabilities

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

4.3 Derivatives

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

4.4 Provisions

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

4.5 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies that collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals. Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

4.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

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

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.7 Preliminary expenses and floatation cost

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, brokerage paid to the members of the stock exchange and other expenses. These costs are being amortised over a period of five years commencing from the date of plan, in accordance with the Trust Deed of the Fund and NBFC Regulations.

4.8 Proposed distributions

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such distributions are declared.

4.9 Issuance and redemption of units

Units are allocated at the offer price prevalent on the day on which funds for purchase of units are realised. The offer price represents the net asset value per unit at the end of the preceding day. Issue of units is also recorded on realisation of funds.

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

4.10 Element of income

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

4.11 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.12 Revenue recognition

- Gains / (losses) arising on sale of investments is accounted for in the year in which it arises.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Unrealised (loss) / gain on revaluation of investments classified as financial assets at fair value through profit or loss is included in the income statement in the year in which it arises.
- Profit on bank balances is recorded on accrual basis.

4.13 Transactions with related parties / connected persons

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

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

	Note	2021 (Rupees in '000)	2020
5			
BANK BALANCES			
Cash at bank			
In savings accounts	5.1	<u>93,113</u>	<u>7,224</u>
5.1	Profit rates on these savings accounts range between 5.5% to 6.5% per annum (2020: 4.75% to 6.5% per annum). This includes an amount of Rs.92.585 million (2020: Rs. 7.210 million) held by a related party (United Bank Limited) on which return in earned at the rates ranging from 5.5% to 6.5% (2020: 4.75% to 6.5% per annum).		
6			
INVESTMENTS			
Financial assets classified as at fair value through profit or loss			
Quoted equity securities	6.1	<u>814,585</u>	<u>595,852</u>

6.1 Quoted equity securities

Shares of listed company - fully paid up ordinary shares of Rs. 10 each unless otherwise stated

Name of investee company	Number of shares				Balance as at June 30, 2021			Market value as at June 30, 2020	Market value as a percentage of net assets	Market value as a percentage of total value of investment	Investment as percentage of paid up capital of investee company
	As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised gain / (loss) on revaluation of investments				
	-----Number of shares-----				----- (Rupees in '000) -----						

COMMERCIAL BANKS

Allied Bank Limited		1,517,200	623,250	1,199,500	940,950	74,411	69,771	(4,640)	116,187	8%	9%	0.61%
Bank Al Falah Limited	6.1.1	2,032,900	2,001,780	2,476,983	1,557,697	53,548	50,127	(3,422)	68,244	6%	6%	0.28%
United Bank Limited		546,900	2,481,821	1,904,700	1,124,021	138,410	137,355	(1,055)	56,528	16%	17%	1.12%
Habib Bank Limited	6.1.1	844,300	2,020,932	1,910,456	954,776	118,674	116,836	(1,839)	81,787	13%	14%	0.80%
MCB Bank Limited		298,317	848,872	768,678	378,511	63,976	60,497	(3,479)	48,348	7%	7%	0.51%
Bank Al Habib Limited		1,805,500	2,560,391	2,488,586	1,877,305	124,043	131,637	7,593	94,428	15%	16%	1.18%
The Bank Of Punjab		-	5,988,000	5,931,000	57,000	551	479	(72)	-	0%	0%	0.00%
Faysal Bank Limited		-	2,354,000	2,341,000	13,000	235	221	(14)	-	0%	0%	0.00%
Habib Metropolitan Bank		-	1,948,500	824,500	1,124,000	45,110	45,634	524	-	5%	6%	0.44%
Meezan Bank Limited		-	1,280,512	336,000	944,512	103,919	109,006	5,087	-	12%	13%	0.77%
National Bank of Pakistan		29,500	0	29,500	-	0	0	-	816	0%	0%	0.00%
		7,074,617	22,108,058	20,210,903	8,971,772	722,879	721,563	(1,315)	466,338	83%	89%	

INSURANCE

Adamjee Insurance Company Limited		3,721,500	1,142,760	2,628,000	2,236,260	80,073	92,738	12,665	123,219	11%	11%	2.65%
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INVESTMENT BANK

Arif Habib Limited		193,500	-	190,000	3,500	114	284	170	6,295	0%	0%	0.05%
		3,915,000	1,142,760	2,818,000	2,239,760	80,187	93,022	12,835	129,514	11%	11%	
Total - June 30, 2021		10,989,617	23,250,818	23,028,903	11,211,532	803,065	814,585	11,520	595,852	93%	100%	
Total - June 30, 2020		12,083,000	3,161,717	4,255,100	10,989,617	752,181	595,852	(156,329)	798,595	95%	100%	

- 6.1.1 The above securities include 990,000 shares pledged with National Clearing Company of Pakistan Limited having market value (in aggregate) amounting to Rs. 39.975 million for guaranteeing settlement of the Fund's trade in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

	Note	2021 (Rupees in '000)	2020
7	MARK-UP RECEIVABLE		
	Markup receivable on:		
	Savings accounts	579	1,256
8	DEPOSITS AND OTHER RECEIVABLES		
	Security deposit with National Clearing Company of Pakistan Limited	2,500	2,500
	Dividend receivable	-	12,439
	Receivable against sales of shares	-	24,672
	Receivable against issuance of units	600	100
	Other receivable	-	22
	Receivable from the Management Company	2,182	-
		<u>5,282</u>	<u>39,733</u>
9	PRELIMINARY EXPENSES AND FLOTATION COSTS		
	Preliminary expenses and floatation costs	662	902
	Amortisation during the year	(239)	(240)
	Balance as at June 30	<u>423</u>	<u>662</u>

9.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from April 06, 2018 as per the requirements set out in the Trust Deed.

10 ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same shall be refunded after filing Income Tax Return for Tax Year 2021.

	Note	2021 (Rupees in '000)	2020
11 PAYABLE TO UBL FUND MANAGERS LIMITED - MANAGEMENT COMPANY			
Remuneration payable (including Sindh Sales Tax)	11.1 & 11.2	1,558	1,183
Allocated expenses payable		634	105
Selling and marketing expenses payable	11.3	12,234	2,941
Sales load payable		899	844
Conversion charges payable		10	7
		<u>15,335</u>	<u>5,080</u>

11.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit. During the year, the Management Company has charged fees at the rate of 2% of average annual net assets of the Fund. The remuneration is payable to the Management Company monthly in arrears.

11.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

11.3 In accordance with Circular 11 dated July 5, 2019, the SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-ended mutual funds (except funds of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan. Accordingly, the Management Company based on its own discretion has charged selling and marketing expenses while keeping in view the overall return and the total expense ratio limit of the Fund. During the year, the Management Company has charged the aforementioned expenses, at the rate of 1.93% per annum of the average daily net assets during the year. This amount include Rs. 2.182 million reimbursement from the Management Company (refer note 20).

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

Trustee fee payable (including Sindh Sales Tax)	12.1 & 12.2	<u>156</u>	<u>120</u>
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12.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of the Trust Deed as per the tariff specified therein, based on the average net assets of the Fund. The fee is paid to the Trustee on monthly basis in arrears.

Earlier the tariff structure applicable to the Fund as at June 30, 2019 was as follows:

Upto Rs. 1 billion	Rs. 0.7 million or 0.20% p.a. of NAV,
On an amount exceeding Rs. 1 billion	Rs. 2.0 million plus 0.10% p.a. of NAV

- 12.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (2020: 13%) on the trustee fee through the Sindh Sales Tax on Services Act, 2011.

	Note	2021 (Rupees in '000)	2020
13 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable	13.1	<u>214</u>	<u>157</u>
13.1 In accordance with S.R.O. 685 (I)/2019, dated June 28, 2019, the Fund has charged the SECP fees at the rate of the fee to 0.02% of the daily annual net assets. The fee is payable annually in arrears.			
14 ACCRUED EXPENSES AND OTHER LIABILITIES			
Payable against purchase of investments		17,234	11,759
Auditors' remuneration payable		323	333
Brokerage expense payable		707	883
Capital gains tax payable		317	29
Payable against legal fees and professional charges		111	110
Provision for Sindh Workers' Welfare Fund	14.1	2,161	-
Other payable		1,966	0.36
		<u>22,819</u>	<u>13,114</u>
14.1 Provision for Sindh Workers' Welfare Fund			

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Fund Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments and based on the legal opinion obtained by MUFAP, regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds have accordingly made provision in respect of SWWF as recommended by MUFAP.

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP and all the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

As at June 30, 2021, the provision in relation to SWWF amounted to Rs. 2.161 million (2020: Nil). Had the provision not been made, the Net Asset Value per unit as at June 30, 2021 would have been higher by Re. 0.1851 (2020: Nil) per unit.

15 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2021 (2020: Nil).

	2021	2020
	----- (Number of units) -----	
16 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	9,222,014	10,745,730
Add: Units issued	27,718,758	7,866,635
Less: Units redeemed	(25,268,714)	(9,390,351)
Total units in issue at the end of the year	<u>11,672,058</u>	<u>9,222,014</u>

17 AUDITORS' REMUNERATION

Annual audit fee	165	166
Fee for half yearly review	66	69
Fee for the review of compliance with the requirements of the Code of Corporate Governance	31	35
Fee for other certifications / services	33	33
Out of pocket expenses and sales tax	46	23
	<u>341</u>	<u>325</u>

18 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. During the year ended June 30, 2021, the Fund has intends to distribute by way of cash dividend at minimum 90 percent of the aforementioned accounting income to the unit holders. Accordingly, no provision for taxation has been recognised in these financial statements.

19 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in these financial statements as in the opinion of the Management Company the determination of cumulative weighted average number of outstanding units is not practicable.

20 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 5.05% (after adjusting reimbursement from the Management Company) as on June 30, 2021 and this includes 0.55% representing Government levy, Sindh Workers' Welfare Fund and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Equity Fund.

21 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2021, the financial assets carried on the statement of assets and liabilities are categorised either as 'Amortised cost' or 'at fair value through profit or loss'. The financial liabilities carried on the statement of assets and liabilities are categorised as at amortised cost i.e. liabilities other than 'at fair value through profit or loss'.

Particulars	As at June 30, 2021		
	Amortised cost	Financial assets 'at fair value through profit or loss'	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	93,113	-	93,113
Investments	-	814,585	814,585
Mark-up / interest receivable	579	-	579
Deposits and other receivables	5,282	-	5,282
	<u>98,974</u>	<u>814,585</u>	<u>913,559</u>

Particulars	As at June 30, 2021		
	Amortised Cost	Financial liabilities 'at fair value through profit or loss'	Total
----- Rupees in '000 -----			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	15,156	-	15,156
Payable to the Central Depository Company of Pakistan Limited - Trustee	138	-	138
Accrued expenses and other liabilities	20,341	-	20,341
	<u>35,635</u>	<u>-</u>	<u>35,635</u>

Particulars	As at June 30, 2020		
	Amortised cost	Financial assets 'at fair value through profit or loss'	Total
----- Rupees in '000 -----			
Financial assets			
Bank balances	7,224	-	7,224
Investments	-	595,852	595,852
Mark-up / interest receivable	1,256	-	1,256
Deposits and other receivables	39,733	-	39,733
	48,212	595,852	644,064

Particulars	As at June 30, 2020		
	Amortised cost	Financial liabilities 'at fair value through profit or loss'	Total
----- Rupees in '000 -----			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	5,080	-	5,080
Payable to the Central Depository Company of Pakistan Limited - Trustee	120	-	120
Accrued expenses and other liabilities	13,085	-	13,085
	18,285	-	18,285

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

**June 30, 2021
(Percentage)**

1	JS Global Capital Limited	15.42%
2	BMA Capital Management Limited	7.57%
3	Intermarket Securities Limited	7.11%
4	Alfalah CLSA Securities (Private) Limited	6.97%
5	DJM Securities (Private) Limited	6.14%
6	ABA Ali Habib Securities (Private) Limited	5.68%
7	Optimus Capital Management	5.59%
8	Topline Securities (Private) Limited	5.34%
9	EFG Hermes Pakistan Limited	5.25%
10	NAEL Capital (Private) Limited	4.66%
		69.73%

**June 30, 2020
(Percentage)**

1	Taurus Securities Limited	9.70%
2	Habib Metropolitan Financial Services Limited	8.22%
3	ABA Ali Habib Securities (Private) Limited	8.04%

June 30, 2020
(Percentage)

4	Intermarket Securities Limited	7.36%
5	Al Falah CLSA Securities (Private) Limited	7.49%
6	IGI Finex Securities Limited	6.99%
7	Efg Hermes Pakistan Limited	5.77%
8	Optimus Capital Management (Private) Limited	5.62%
9	DJM Securities (Private) Limited	5.09%
10	Insight Securities (Private) Limited	3.16%
		67.440%

23 BRIEF PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	CEO	25	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	20	CFA, MBA
3	Irfan Nepal	Chief Dealer	26	EMBA, MIBS
4	Hadi Hassan Muki	Head of Compliance	21	BCOM
5	Mubashir Anis	Fund Manager / Head of Equity – Conventional Funds & Advisor to Equity Sales	9	BS, CFA
6	Muhammad Waseem	Head of Research	7	BBA, CFA

Mubashir Anis is the Fund Manager of the Fund. He is also the Fund Manager of UBL Stock Advantage Fund, UBL Dedicated Equity Fund and UBL Pakistan Enterprise Exchange Traded Fund.

24 PATTERN OF UNIT HOLDING

Category	June 30, 2021		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	186	1,854,175	15.89%
Associated Companies and Key Executive	10	8,013,646	68.66%
Insurance companies	1	201,321	1.72%
Public limited companies	1	427,005	3.66%
Retirement funds	11	867,130	7.43%
Others	3	308,782	2.65%
	212	11,672,058	100%

Category	June 30, 2020		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	120	924,738	10.03%
Associated Companies and Key Executive	10	5,111,199	55.42%
Insurance companies	1	263,622	2.86%
Public limited companies	1	4,841	0.05%
Retirement funds	18	1,096,117	11.89%
Others	6	1,821,497	19.75%
	156	9,222,014	100%

TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee), Directors and Officers of Management Company and persons having 10% or more beneficial ownership of the units of the Fund.

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

Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

Details of transaction with the related parties and balances with them at the year end are as follows:

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
	(Rupees in '000)					
Transactions during the year ended June 30, 2021						
Units issued (in Units)	5,112	5,696	-	-	419	-
Units redeemed (in Units)	6,522	30	-	-	408	-
Profit on savings accounts	-	3,484	-	-	-	-
Bank charges	-	1	-	-	-	-
Units issued (in Ropes '000)	396,000	470,704	-	-	33,433	-
Units redeemed (in Ropes '000)	510,688	2,360	-	-	32,622	-
Sale of equity securities	-	-	-	100,316	-	-
Sales load paid	1,290	-	-	-	-	-
Dividend paid	-	93,928	-	-	112	-
Remuneration (including Sindh Sales Tax)	24,186	-	2,230	-	-	-
Allocated expenses	963	-	-	-	-	-
Selling and marketing expenses	18,482	-	-	-	-	-
CDS Expense	-	-	66	-	-	-
Transactions during the year ended June 30, 2020						
Units issued (in Units)	3,484	54	-	-	-	-
Units redeemed (in Units)	3,570	48	-	-	18	-
Profit on savings accounts	-	3,539	-	-	-	-
Bank charges	-	33	-	-	-	-
Units issued (in Ropes '000)	272,000	4,556	-	-	-	-
Units redeemed (in Ropes '000)	293,527	3,985	-	-	1,631	-
Purchase of equity securities	-	22,401	-	-	-	-
Sale of equity securities	-	30,452	-	-	-	-
Sales load paid	1,290	-	-	-	-	-
Dividend paid	-	5,592	-	-	-	-
Remuneration (including Sindh Sales Tax)	17,791	-	1,777	-	-	-
Allocated expenses	787	-	-	-	-	-
Selling and marketing expenses	6,960	-	-	-	-	-
Listing fee	-	28	-	-	-	-
Balances held as at June 30, 2021						
Units held (in Units)	-	14,354	-	-	21	-
Units held (in Rupees '000)	-	1,076,663	-	-	1,554	-
Bank balances	-	92,585	-	-	-	-
Profit receivable	-	577	-	-	-	-
Investments	-	137,355	-	-	-	-
Remuneration payable (including Sindh Sal	1,558	-	156	-	-	-
Allocated expenses payable	634	-	-	-	-	-
Selling and marketing expense payable	12,234	-	-	-	-	-
Sales load payable	899	257	-	-	-	-
Conversion charges payable	10	-	-	-	-	-

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
(Rupees in '000)						
balances held as at June 30, 2020						
Units held (in Units)	1,409	5,101	-	-	49	-
Units held (in Rupees '000)	95,713	346,450	-	-	3,333	-
Bank balances	-	7,210	-	-	-	-
Profit receivable	-	1,249	-	-	-	-
Investments	-	56,528	-	-	-	-
Remuneration payable	1,183	-	120	-	-	-
Allocated expenses payable	105	-	-	-	-	-
Selling and marketing expense payable	2,941	-	-	-	-	-
Sales load payable	844	-	-	-	-	-
Conversion charges payable	7	-	-	-	-	-

26 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Particulars	August 10, 2020	September 24, 2020	October 29, 2020	December 07, 2020	February 25, 2021	April 28, 2021	Total meetings attended
Name of Directors:							
Mr. Arif Akmal Saifie	✓	✓	✓	×	×	✓	4
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	6
Mr. Imran Sarwar	✓	✓	✓	✓	✓	✓	6
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	6
Ms. Huma Pasha *	N/A	✓	✓	✓	✓	✓	5
Ms. Sadia Saeed	✓	✓	✓	✓	✓	✓	6
Syed Furrugh Zaem	✓	✓	✓	✓	✓	✓	6
Name of Key Executives							
Mr. Bilal Javaid	✓	✓	✓	✓	✓	✓	6
Umair Ahmed	✓	✓	✓	✓	✓	✓	6

* Ms. Huma Pasha appointed as Director with effect from September 04, 2020

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risks is the creation and protection of Unit Holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the Fund's constitutive documents and the regulations and the directives issued by the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept.

The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk

arising from the financial instruments it holds.

27.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio by following the internal guidelines established by the Investment Committee and the regulations laid down by the SECP.

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

27.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

27.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund is exposed to cash flow interest rate risk for balances in certain savings accounts, the interest rates on which range between 5.5% to 6.5% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2021, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.931 million (2020: Rs 0.072 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument and is not exposed to fair value interest rate risk.

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

Particulars	June 30 , 2021					
	Effective yield/ interest rate	Total	Exposed to interest rate risk			Not exposed to interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
%						(Rupees in '000)
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.5 - 6.5	93,113	93,113	-	-	-
Investments		814,585	-	-	-	814,585
Mark-up / interest receivable		579	-	-	-	579
Deposits and other receivables		5,282	-	-	-	5,282
Sub total		913,559	93,113	-	-	820,446
Financial liabilities						
Payable to UBL Fund Managers Limited - Management Company		15,156	-	-	-	15,156
Payable to the Central Depository Company of Pakistan Limited - Trustee		138	-	-	-	138
Accrued expenses and other liabilities		20,341	-	-	-	20,341
Sub total		35,635	-	-	-	35,635
On-balance sheet gap (a)		877,924	93,113	-	-	784,811
Off-balance sheet financial instrument		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)			93,113	-	-	
Cumulative interest rate sensitivity gap			93,113	-	-	

Particulars	June 30 , 2020					
	Effective yield/ interest rate	Total	Exposed to interest rate risk			Not exposed to interest rate risk
			Upto three months	More than three months and upto one year	More than one year	
%						(Rupees in '000)
On-balance sheet financial instruments						
Financial assets						
Bank balances	4.75 - 6.5	7,224	7,224	-	-	-
Investments		595,852	-	-	-	595,852
Mark-up / interest receivable		1,256	-	-	-	1,256
Deposits and other receivables		39,733	-	-	-	39,733
Sub total		644,065	7,224	-	-	636,840
Financial liabilities						
Payable to UBL Fund Managers Limited - Management Company		5,080	-	-	-	5,080
Payable to the Central Depository Company of Pakistan Limited - Trustee		120	-	-	-	120
Accrued expenses and other liabilities		13,085	-	-	-	13,085
Sub total		18,285	-	-	-	18,285
On-balance sheet gap (a)		625,780	7,224	-	-	618,555
Off-balance sheet financial instrument		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)			7,224	-	-	
Cumulative interest rate sensitivity gap			7,224	-	-	

27.1.3 Price risk

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

The Fund is exposed to equity price risk because of investments held by the Fund in listed equity securities classified as Financial Asset at 'fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within eligible stocks. The Fund's constitutive document and NBFC Regulations, 2008 also limit investment in individual equity securities of not more than 20% of net assets of the Fund or

issued capital of the investee company.

In case of 5% increase / decrease in the fair value of the Fund's equity securities on June 30, 2021, net income for the year would increase / decrease by Rs. 40.729 million (2020: Rs 29.79 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as at 'Fair value through profit or loss'.

27.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to non-payment of redemptions request on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

Management of liquidity risk

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

The Fund can borrow, with the prior approval of the trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. Further the Fund also has the ability to suspend redemptions of units with the approval of Board of Directors of the Management Company in extraordinary circumstances.

An interval of six working days between the receipt of a redemption request and issuance of units against it provides a cushion in the repayment of on-demand redemption of units. However, during the year, no such option was exercised or considered necessary.

The following table analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining year / period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Particulars	June 30, 2021		
	Upto three months	More than three months and upto one	Over one year
Rupees in '000			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	15,156	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	138	-	-
Accrued expenses and other liabilities	20,341	-	-
Total liabilities	35,635	-	-

Particulars	June 30, 2020		
	Upto three months	More than three months and upto one	Over one year
Rupees in '000			
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	5,080	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	120	-	-
Accrued expenses and other liabilities	13,085	-	-
Total liabilities	18,285	-	-

27.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements.

Management of credit risk

The Fund keeps deposits with reputed financial institutions with reasonably high credit ratings. Credit risk on account of dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules, the NBFC regulations and guidelines given by the SECP from time to time.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

27.3.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2021:

Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2021	Latest available published rating as at June 30, 2021
Rupees in '000			
Allied Bank Limited		5	AAA
United Bank Limited		92,585	AAA
Soneri Bank Limited		524	AA-
		93,113	

Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2020	Latest available published rating as at June 30, 2020
Rupees in '000			
Allied Bank Limited		5	AAA
United Bank Limited		7,210	AAA
Soneri Bank Limited		9	AA-
		7,224	

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

Rating by rating category	2021 ----- (Percentage) -----	2020
AAA	99%	67%
AA-	1%	33%
	100%	100%

Concentration on credit risk

Concentration of risk arises when a number of financial instruments or contracts are entered into the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Fund's major asset balances are held with a single bank. The management believes that these banks are reputed institution.

28 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. The Fund's objective when managing the unit holders' fund is to safeguard the Fund's ability to

continue as a going concern in order to provide returns for the benefits of the unit holders to maintain a strong base of assets to support the development of the investment activities of the Fund and to meet unexpected losses or opportunities.

As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. In order to comply with the requirement and to maintain or adjust the Unit Holders' Fund, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and
- The Fund Manager / Investment Committee members and the Chief Executive Officer critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the current year.

29 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 reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of the IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair value measurements), the Fund shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are

observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3:

Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

As at June 30, 2021, the following financial instruments of the Fund are carried at fair value:

Particulars	Note	June 30, 2021						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments		814,585	-	814,585	814,585	-	-	814,585
		814,585	-	814,585	814,585	-	-	814,585
Financial assets not measured at fair value								
Bank balances	29.1	-	93,113	93,113				
Profit / mark-up receivable		-	579	579				
Deposits and other receivables		-	5,282	5,282				
		-	98,974	98,974				
Financial liabilities not measured at fair value								
Payable to Management Company	29.1	-	15,156	15,156				
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	138	138				
Accrued expenses and other liabilities		-	20,341	20,341				
		-	35,635	35,635				

Particulars	Note	June 30, 2020						
		Carrying amount			Fair value			
		Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in '000						
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments		595,852	-	595,852	595,852	-	-	595,852
		595,852	-	595,852	595,852	-	-	595,852
Financial assets not measured at fair value								
Bank balances	29.1	-	7,224	7,224				
Profit / mark-up receivable		-	1,256	1,256				
Deposits and other receivables		-	39,733	39,733				
		-	48,212	48,212				
Financial liabilities not measured at fair value								
Payable to the Management Company	29.1	-	5,080	5,080				
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	120	120				
Accrued expenses and other liabilities		-	13,085	13,085				
		-	1,017,541	18,285				

29.1 Valuation techniques

For level 1 investments at fair value through profit or loss' - 'Investment in respect of equity securities, the Fund uses daily quotation rates which are taken from Pakistan Stock Exchange Limited at the reporting date.

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

29.2 Transfers during the year

During the year ended June 30, 2021, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on August 16, 2021 .

31 GENERAL

31.1 Figures has been rounded off to the nearest thousand rupees unless otherwise stated.

31.2 On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Management Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the financial performance of the Fund as well as the going concern assessment. As a result of such assessment, the management has not identified any material adverse impact on its financial performance due to COVID-19 pandemic situation.

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

SD
Chief Executive Officer

SD
Chief Financial Officer

SD
Director

UBL Financial Sector Fund

xvi) Summary of Actual Proxy Voted by the Fund

	Resolutions	For	Against	Abstain
Number	5	5	-	-
Percentage	100%	100%	-	-

xvii) Details where Management Company did not participate in investee company's shareholders meetings (if applicable)

xviii) The proxy voting policy of the Fund is available on the website of UBL Fund Managers Limited (Management Company) and detailed information regarding actual proxies voted by the Management Company in respect of the Fund is also available without charge, upon request, to all unit holders.

UBLP-ETF

UBL Pakistan Enterprise Exchange Traded Fund

INVESTMENT OBJECTIVE

UBL Pakistan Enterprise Exchange Traded Fund (UBLP-ETF) aims to track the performance of the benchmark index in order to provide long-term capital appreciation and dividend yield to its investors.

Management Company	UBL Fund Managers Limited
Trustee	Central Depository Company of Pakistan Limited 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi. Tel: (9221) 111-111-500
Distribution Company	United Bank Limited (for detail of others, please visit our website: www.ublfunds.com.pk)
Auditors	EY Ford Rhodes, Chartered Accountants.
Bankers	Soneri Bank Limited
Management Co. Rating	AM1 (VIS)

Fund Manager's Report – UBL Pakistan Enterprise Exchange Traded Fund (UBLP-ETF)

- i) **Description of the Collective Investment Scheme category and type**
Exchange Traded Fund/ Open-end
- ii) **Statement of Collective Investment Scheme's investment objective**
UBL Pakistan Enterprise Exchange Traded Fund (UBLP-ETF) aims to track the performance of the benchmark index in order to provide long- term capital appreciation and dividend yields to its investors
- iii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The Collective Investment Scheme achieved its stated objective.
- iv) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
UBL PSX Pakistan Enterprise Index
- v) **Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks**

Monthly Yield*	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	FYTD
UBLP-ETF	12.00%	1.55%	-0.58%	-0.04%	0.22%	4.68%	4.56%	-0.30%	-4.02%	1.88%	7.49%	-4.07%	24.63%
Benchmark	12.32%	1.69%	-0.51%	0.07%	0.42%	4.96%	4.88%	-0.21%	-4.00%	2.10%	8.21%	-4.04%	27.69%

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

UBL Pakistan Enterprise Exchange Traded Fund (UBLP-ETF) aims to track the performance of the benchmark index in order to provide long- term capital appreciation and dividend yields to its investors. During the period under review, the fund posted a return of 24.63% whereas benchmark index yielded 27.69%. The net assets of the UBL-ETF were PKR 45mn at the end of Jun'21..

- vi) **Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

Asset Allocation (% of Total Assets)	Jun-20	Jun-21
Equities	94%	91%
T-bills	0%	0%
Cash	1%	3%
Others	5%	6%
Leverage	Nil	Nil

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

FY'21 Return:	24.63%
Standard Deviation (12m trailing):	13.75%
Sharpe Ratio (12m trailing):	1.27

viii) **Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)**

Net Asset Value			NAV per unit		
30-Jun-21	30-Jun-20	Change	30-Jun-21	30-Jun-20	Change
Rupees (000)		%	Rupees		%
44,700	36,326	(23.05)	13.6695	11.5321	18.54

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

Stock Market Review for FY21

After the muted performance (+1.5% YoY) in the previous year, the benchmark KSE - 100 index came with a strong recovery during the year under review with the benchmark index increased by 37.5% YoY. The robust performance of local equity market was mainly driven by:

- 1) Ease in lock down restriction;
- 2) Improving macroeconomic indicators (above-expected GDP growth, higher remittances flows and benign current account);
- 3) Noticeable decline in COVID-19 cases from peak of 6,000 to below 2,000 cases;
- 4) Accommodative policy measures by the authorities to boost the economic activity and aggregate demand; and
- 5) Improving political situation (cracks in PDM opposition alliance and peaceful end to TLP protests).

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

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

Distribution	Per unit
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<i>Declared on</i>	<i>Bonus</i>	<i>Cash</i>	<i>Per Unit</i>	<i>Cum NAV</i>	<i>Ex NAV</i>
	<i>Rupees (000)</i>		<i>----- Rupees -----</i>		
23-Jun-2021	Nil	2,340	0.72	13.9658	14.6768

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

There were no significant changes in the state of affairs of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

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

Range of Units	Number of Investors
	USF
0.0001 - 9,999.9999	79
10,000.0000 - 49,999.9999	
50,000.0000 - 99,999.9999	
100,000.0000 - 499,999.9999	
500,000.0000 & Above	
Total	79

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

There were no unit splits during the period.

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

Investments are subject to market risk.

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

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

PERFORMANCE TABLE

UBL Pakistan Enterprise Exchange Traded Fund

	2021	2020
NET ASSETS AS AT 30 JUNE - Rupees in '000	44,700	36,326
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees		
Class A units - Offer	13.6695	11.5321
- Redemption	13.6695	11.5321
RETURN OF THE FUND - %		
Total Return of the Fund	24.63	6.20
Capital Growth (per unit)	18.39	6.20
Date of Income Distribution	23-Jun-21	24-Jun-20
Income Distribution	0.72	0.07
AVERAGE ANNUAL RETURN - %		
Since Launch/ One Year	24.63	6.20
Two year	15.42	0.00
OFFER / REPURCHASE DURING THE YEAR- Rupees		
Highest price per unit - Class A units - Offer	15.0909	11.8919
Highest price per unit - Class A units - Redemption	15.0909	11.8919
Lowest price per unit - Class A units - Offer	11.6897	9.5480
Lowest price per unit - Class A units - Redemption	11.6897	9.5480
PORTFOLIO COMPOSITION - %		
Percentage of Net Assets as at 30 June		
PORTFOLIO COMPOSITION BY CATEGORY - %		
Bank Balances	2.70	1.00
Equities	90.90	94.00
others	6.4	5.00
PORTFOLIO COMPOSITION BY MARKET - %		
Equity Market	90.90	94.00

Note:

- The Launch date of Fund is 20 MAR 2020

DISCLAIMER

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