



**INVESTMENTS**

WE KNOW YOUR VALUE

**786 INVESTMENTS LIMITED**



**FIRST DAWOOD MUTUAL FUND**

**ANNUAL REPORT  
2018**



<b>Corporate Information</b>	<b>02</b>
<b>Mission Statement</b>	<b>03</b>
<b>Report of the Directors of the Management Company</b>	<b>04</b>
<b>مینیجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ</b>	<b>09</b>
<b>Fund Manager Report</b>	<b>14</b>
<b>Details of Pattern of Holdings (Units)</b>	<b>18</b>
<b>Trustee Report to the Certificate Holders</b>	<b>19</b>
<b>Independent Auditors' Report to the Unit Holders</b>	<b>20</b>
<b>Financial Statements:</b>	
<b>Statement of Assets and Liabilities</b>	<b>25</b>
<b>Income Statement</b>	<b>26</b>
<b>Statement of Comprehensive Income</b>	<b>27</b>
<b>Cash Flow Statement</b>	<b>28</b>
<b>Statement of Movement in Unit Holder's Fund</b>	<b>29</b>
<b>Notes to the Financial Statements</b>	<b>30</b>
<b>Key Financial Data</b>	<b>56</b>
<b>Proxy Issued By The Fund</b>	<b>57</b>



## CORPORATE INFORMATION

<b>Management Company</b>	786 Investments Limited G-3 Ground Floor, B.R.R. Tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi - 74000 Pakistan Tel: (92-21) 32603751-54 Email: info@786investments.com Website: www.786investments.com	
<b>Board of Directors</b>	Ms. Shafqat Sultana Miss Tara Uzra Dawood Ms. Charmaine Hidayatullah Mr. Ahmed Salman Munir Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairperson Chief Executive Officer Director Director Director Director Director
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Talal Ismail Pasha	
<b>Audit Committee</b>	Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairman Member Member
<b>Human Resource Committee</b>	Ms. Shafqat Sultana Miss Tara Uzra Dawood Mr. Tahir Mehmood	Chairperson Member Member
<b>Trustee:</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi-74400 Ph: (92-21) 111-111-500 Fax: (92-21) 34326020-23	
<b>Auditors</b>	Riaz Ahmad & Co. Chartered Accountants	
<b>Legal Advisor</b>	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
<b>Registrars</b>	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
<b>Banker:</b>	Habib Metropolitan Bank Limited Al Baraka Bank (Pakistan) Limited BankIslami Pakistan Limited MCB Bank Limited	
<b>Rating:</b>	PACRA: 5 Star	



### *Mission Statement*

*To offer our unit holders the best possible return by expertly diversifying the Fund's investment portfolio into minimal risk and high yielding instruments and at all time to be a good corporate citizen*



## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY**

The Board of Directors of 786 Investments Limited. ("786" or the "Company") the Management Company of **First Dawood Mutual Fund** is pleased to present the annual report and the audited financial statements of the Company for the year ended June 30, 2018.

### **Economic Review**

Pakistan's economic performance in FY18 continued to post an improvement with real GDP growth accelerating to 5.79% compared to 5.37% in the year before. FY18's GDP growth rate was the highest in the past 10 year. Key factors behind the higher GDP growth rate were increase in growth rate of agricultural sector, which posted 3.81% growth vs 2.07% growth, the growth in production of three important crops namely rice, sugarcane and cotton is estimated at 8.7%, 7.4%, and 11.8% respectively. Meanwhile, industrial growth came in at 5.80% and service sector posted 6.43% growth. CPI inflation comes out to be 3.9%. The increase in CPI inflation is being majorly attributed due to the base effect kicking because of contained food prices and budgetary measures adopted last year. Pakistan's fiscal deficit as % of GDP reduced to 4.3% from previous year's 5.8%. During second of FY18 State Bank of Pakistan increased Discount Rate twice, first in January'18 and then in May'18 by 25 bps and 50 bps respectively to 7%. The reasons were (i) the multiplier-effect of a strong fiscal expansion during second half of FY18 is likely to offset the contractionary impact of monetary tightening in the recent months on domestic demand; (ii) higher international oil prices have continued to inflate the import bill; (iii) rising inflation projections and the ensuing fall in real interest rates; and (iv) a notable reduction in PKR and US interest rate differential.

### **Stock Market Review:**

During the financial year 2017-18, the Pakistan Stock markets 100 index underperformed -5.97%. During the period under review, the market remained volatile, it reached the peak of 47,084 points on August 03 2017, then continued to go down, reaching its lowest level point of 37,919 on December 19 2017. The fiscal year 2018 started well with significant positive economic indicators, notably, a promising GDP growth, improved country perception, recognition of SMEs as the prime mover of country's economy and the continuity of the inflow of remittances by the Overseas Pakistanis. At the start of new calendar year 2018, the market gained momentum. On June 29th, PSX 100 index closed at 41,910.90 points whereas market capitalization was PKR. 8.66 trillions. The foreign investors offloaded securities worth PKR 32.33 billion during July 2017 - June 2018, which was absorbed by domestic individual investors, companies and insurance companies. This strong buying by local investors has shown the confidence of the investors in Pakistan's equity market.

### **Money Market Review:**

The SBP held twenty-six Treasury bill auctions during FY18. The cumulative participation witnessed were PKR 21,100bn against the pre-announced auction target of PKR 16,925bn while the SBP accepted an amount of PKR 16,052bn during the period under review. That being said, acceptance in 3 months tenor represented 92.11% of the total accepted amount while the 6 months and 12 months were 7.64% and 0.26% respectively.

Further, during this period, SBP conducted twelve Pakistan Investment Bond (PIB) auctions and raised PKR 94.9bn the last cut-off yields were 7.5%, 8.48% and 8.70 % for 3, 5 and 10 years respectively. State Bank of Pakistan also revised coupons rates and increased it by 25bps for 3 and 5 year tenor for Jul'18 auction while keeping the rates constant for 10 and 20 years.



Towards the end of second half of FY18, SBP introduced Floating Rate Bonds (FRB) based on spread over 6 months weighted average cut-off T.Bills and conducted two auctions. The cumulative participation witnessed were PKR 296.13bn against the auction target of PKR 100bn while the SBP accepted an amount of PKR 34.65bn with spread over 50 bps on 6 months T.Bills.

The SBP did not conduct any GOP Ijarah Sukuk auction during the period under review.

#### **Future Outlook:**

Pakistan's economy received multiple jolts during fiscal year 2018 and almost all economic indicators worsened. The economy is faced with new and bigger challenges in fiscal year 2019. The economy took off with Gross Domestic Product (GDP) being declared at a decade high level of 5.3% in fiscal 2017. It achieved a 13-year high growth of around 5.8% in FY18. However, now it is estimated to recede to 4.7-4.8% in FY19. Economic fundamentals have deteriorated over the previous year and are set to mess up the economy down the road. The water crisis may further hamper economic growth in fiscal year 2019. As per international organizations, Pakistan is likely to face a major water crisis by 2025. The crisis may slow down agriculture growth this fiscal year. Its share in the economy stands at around one-fifth.

Given the bleak economic scenario, where the country's foreign currency reserves have dropped to a critical level of less than two months import cover at \$9.66 billion on June 22, 2018; it is an obvious scenario that Pakistan will enter into the International Monetary Fund's (IMF) program sometime late first quarter or early second quarter 2018. We expect more currency devaluation in FY19 and hike in key interest rate by December 2018.

#### **Corporate Governance and Financial Reporting Framework**

The Director are pleased to state as follows:

- The financial statements, prepared by the company, present its state of affair fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance except as disclosed in the statement of compliance annexed with these financial statements.
- There has been no trading during the year in the units of the Fund carried out by the Director, Chief Executive Officer, Company Secretary and their spouses and their minor children except as disclosed in the relevant notes to the financial statement.



- There is no statutory payment on account of taxes, duties, levies and charges outstanding.
- One of the Director has completed Directors Training Program, rest of the Directors will attend Director Training Program or take exemption from the Commission.
- During the year, Ansar Hussain resign from the Directorship and was replaced by Syed Shabaha Hussain.

### Board of Directors Meetings

During the year, four meetings were held. The attendance of each Director is as follows:

Names	No of Meetings held	No of Meetings attended	Leave granted
Ms. Shafqat Sultana	4	4	-
Ms. Tara Uzra Dawood	4	4	-
Mr. Ansar Hussain*	4	-	1***
Mr. Muhammad Izqar Khan	4	-	4***
Ms. Charmaine Hidayatullah Khan	4	3	1***
Mr. Tahir Mehmood	4	4	-
Syed Farhan Abbas	4	4	-
Syed Shabaha Hussain**	4	-	-

\*Ansar Hussain resigned as Director on October 30, 2017.

\*\*Syed Shabaha Hussain appointed as Director on casual vacancy on April 16, 2018.

\*\*\*Leave of absence was granted.

### Audit Committee Meeting

During the year, four meetings were held. The attendance of each member is as follows:

Names	No of Meetings held	No of Meetings attended	Leave granted
Mr. Ansar Hussain*	4	-	1****
Mr. Tahir Mehmood	4	4	-
Syed Farhan Abbas	4	4	-
Ms. Charmaine Hidayatullah **	4	2	1****
Syed Shabaha Hussain***	-	-	-

\*Ansar Hussain resigned as Director on October 30, 2017.

\*\*Charmaine Hidayatullah joined Audit committee on October 30, 2017.

\*\*\* Syed Shabaha Hussain appointed as Director on casual vacancy on April 16, 2018.

\*\*\*\*Leave of absence was granted.

### Auditors

The present Auditor, Riaz Ahmed & Company retire. The Board Audit Committee have recommended the appointment of Grant Thornton Anjum Rahman as statutory auditors for the year ending June 30, 2019 and the Board have endorsed the communication.



### **Principle Risk & Uncertainties**

The Asset Management industry is in growing phase and competition in the market is expected that can increase the industry AUM and on other side shrink the existing size of the companies.

The Company managed open ended funds, invested in the capital markets which are influenced by the macroeconomic, and political factors which may impact the Company's performance. Increase political turmoil in the country will remain a risk because of this, Foreign and local investor may take out from the market resulting down prices and return. Exchange rates may also impact the performance of the capital market and hence the profitability of the Company.

### **Statement of Ethics and Business Practices**

The Board of Directors of Company has adopted a Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

### **Fund Strategy**

The investment strategy devised for the Fund seeks to provide investors with balanced exposure to stocks, debt securities and government securities. The Fund's strategy aims to not only preserve investors' capital but also to maximize the value of their investments while providing a stable stream of income.

The portfolio management team selects investments using various analytical disciplines such as top-down fundamental research and quantitative screens in the light of the country's macro indicators. In particular, the team seeks to include in its portfolios fundamentally strong sectors and companies, while dynamically rebalancing portfolios to benefit from predicted macro trends. Investments are diversified across a mix of sectors and investors are offered an optimized risk/return profile.

### **Fund Performance**

As at June 30, 2018, net assets were Rs. 243.12 million as compared to Rs. 291.05 million as at June 30, 2017. Total operating income for the year was Rs. 2.05 million as compared to loss of Rs. 103.83 million for the same period last year. Total expenses during the year were Rs. 10.90 million as compared to Rs. 6.92 million in last year. Net loss before distribution is 8.84 million as compared to previous year's income of Rs. 96.91. The Net Asset Value per unit was Rs. 22.38 as at June 30, 2018.

### **Dividend**

The Board of Directors has announced cash dividend to unit holders of Rs. 0.0476 per unit for the year ended June 30, 2018 which comes out to be 0.47% of the par value per unit of Rs. 10.

### **Sales and Redemption Units**

337,238 units worth PKR. 7.87 million were issued in the current year (2017: 1,629,072 units worth PKR. 29.38 million) and 2,082,811 units worth PKR. 46.49 were redeemed in the current year (2017: 14,879,571 units worth PKR. 239.71 million). As on June 30, 2018, the total number of outstanding units was 10,864,101 valued as PKR. 243.11 million.



### **Credit Rating**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM3", to the Company and that of Fund is 5 Star.

### **Transaction with Connected Persons/Related Parties**

Transactions between the Fund and its connected persons as disclosed in notes to the financial statements are carried out on an arm's length basis.

### **Pattern of Unit Holding as on June 30, 2018**

The pattern of unit holders as on June 30, 2018 is annexed to these financial statements.

### **Key Financial Highlights**

Key financial highlights are summarized and annexed to these financial statements.

### **Acknowledgement**

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan and the management of the Pakistan Stock Exchange Limited for their continued support and cooperation. The Directors also appreciate the efforts put in by the employees of the Company for their commitment and dedication and shareholders for their confidence in the Company.

---

Tara Uzra Dawood  
Chief Executive Officer

---

Shafqat Sultana  
Chairperson

September 17, 2018  
Karachi.



## مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

فرسٹ داؤد میڈیوچل فنڈ (786 یادی کمپنی) مینجمنٹ کمپنی، 786 انویسٹمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2018 کو ختم ہونے والے سال کی سالانہ رپورٹ اور نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

### اقتصادی جائزہ

FY18 میں پاکستان کی اقتصادی کارکردگی کی رفتار گزشتہ سال میں 5.37 فیصد کے مقابلے میں 5.79 فیصد اصل جی ڈی پی نمو کے ساتھ مسلسل بہتر ہوئی ہے۔ FY18 کی جی ڈی پی نمو کی شرح گزشتہ 10 سالوں میں کی شرح سب سے زیادہ تھی زرعی شعبے کی ترقی کی شرح نمو اعلیٰ جی ڈی پی کی شرح نمو کے پیچھے اہم عوامل ہیں، جس نے 2.07 فیصد نمو کے مقابلے میں 3.81 فیصد نمو درج کرائی ہے، تین اہم ضلعوں چاول، گنا اور کپاس کی پیداوار میں نمو کا اندازہ بالترتیب 8.7 فیصد، 7.4 فیصد اور 11.8 فیصد لگایا گیا ہے۔ دریں اثنا، صنعتی ترقی 5.80 فیصد اور خدمات کے شعبے میں 6.43 فیصد نمو درج کرائی گئی۔ سی پی آئی افراط زر 3.9 فیصد رہا۔ سی پی آئی افراط زر میں اضافہ گزشتہ سال خوراک کی قیمتوں اور بجٹ کے اقدامات کی وجہ سے بنیادی اثرات کو ختم کرنے سے منسوب کیا جا رہا ہے۔ پاکستان کا مالی خسارہ پچھلے سال کے 5.80 فیصد سے کم ہو کر جی ڈی پی کا 4.33 فیصد ہو گیا۔ FY18 کی دوسری ششماہی میں اسٹیٹ بینک آف پاکستان نے ڈسکاؤنٹ کی شرح میں دو گنا اضافہ ہوا، سب سے پہلے جنوری 18 میں اور پھر مئی 18 میں بالترتیب 25 پی ایس آئی اور 50 پی ایس آئی یعنی 7 فیصد تک اضافہ ہوا۔ جس کی وجوہات تھیں (i) FY18 کی دوسری ششماہی کے دوران مضبوط مالیاتی توسیع کے ضوابط کا اثر مقامی طلب پر حالیہ مہینوں میں غیر معمولی تیزی کے ساتھ پراثر انداز ہو سکتا ہے (ii) بین الاقوامی تیل کی قیمتوں میں اضافہ نے درآمدی بل کو بڑھا دیا ہے (iii) افراط زر میں مسلسل اضافہ اور اصل شرح سود میں کمی؛ اور (iv) پاکستانی روپیہ کی قدر میں قابل ذکر کمی اور امریکی ڈالر کی شرح سود میں فرق۔

### اسٹاک مارکیٹ کا جائزہ:

مالی سال 2017-18 کے دوران، پاکستان اسٹاک مارکیٹس 100 انڈیکس 5.97 فیصد خراب کارکردگی کا مظاہرہ کیا۔ زیر جائزہ مدت کے دوران، مارکیٹ غیر مستحکم رہی ہے، یہ 3 اگست 2017 کو 47,084 پوائنٹس کی بلند ترین سطح تک پہنچنے کے بعد، مسلسل کم ہوتی چلی گئی اور 19 دسمبر 2017 کو 37,919 پوائنٹس کی اپنی سب سے کم سطح پر پہنچ گئی۔ مالی سال 2018 کا نمایاں مثبت اقتصادی اشاروں، قابل قدر جی ڈی پی نمو، بہتر ملک کے قصور، SME کی پیمانے کے ساتھ آغاز ہوا کیونکہ ملک کی معیشت کا اہم افتتاح اور اور ہیز پاکستانیوں کی طرف سے تزیل زر جاری ہو گیا۔ نئے کیلنڈر سال 2018 کے شروع میں ہی، مارکیٹ نے رفتار پکڑ لی۔ 29 جون کو، 100PSX انڈیکس 41,910.90 پوائنٹس پر ختم ہوئی جبکہ مارکیٹ کی سرمایہ کاری 8.66 فیصد روپے تھی۔ جولائی 2017 - جون 2018 کے دوران فیڈرل سرمایہ کاروں نے 32.33 بلین روپے مالیت کی سیکورٹیز کی سرمایہ کاری کی، جو مقامی انفرادی سرمایہ کاروں، کمپنیوں اور انشورنس کمپنیوں کے ذریعے کی گئی۔ مقامی سرمایہ کاروں کی طرف سے یہ بھاری خریداری پاکستان کی ایکٹیو مارکیٹ میں سرمایہ کاروں کے اہتمام کو ظاہر کرتی ہے۔

### منی مارکیٹ کا جائزہ:

ایس بی پی نے مالی سال 18 کے دوران چھبیس ٹریڈری بل آکشن منعقد کرائیں۔ مجموعی شرکت کا مشاہدہ پہلے اعلان کردہ بنیادی ہدف 16,925bn روپے کے برخلاف 21,100bn روپے تھا جبکہ ایس بی پی نے زیر جائزہ مدت کے دوران 16,052bn روپے کی رقم کی منظوری دی۔ یہ کہا جا رہا ہے کہ 3 ماہ کی مدت میں قبولیت قابل قبول رقم کی 92.11 فیصد کی نمائندگی کرتی ہے۔ جبکہ ماہ 12 اور 11 ماہ کی بالترتیب 7.64 فیصد اور 0.26 فیصد تھی۔

مزید، اس عرصے کے دوران، ایس بی پی نے بارہ (12) پاکستان انویسٹمنٹ بانڈ (پی آئی بی) بنیادی ہدف 94.9bn روپے اکٹھے کئے 5.3 اور 10 سالوں کی پیداوار بالترتیب 7.5 فیصد، 8.48 فیصد اور 8.70 فیصد تھی۔ اسٹیٹ بینک آف پاکستان نے کوپن کی شرحوں میں بھی نظر ثانی کی اور اسے جولائی 18 کی آکشن میں 3 اور 5 سال کے لئے 25 پی ایس تک بڑھا دیا، جبکہ 10 اور 20 سالوں کے لئے ریٹس مستقل رکھے۔

FY18 کی دوسری ششماہی کے اختتام کے لئے، ایس بی پی نے 6 ماہ کی اوسط کٹ آف ٹی بلز پر محیط فلوٹنگ ریٹ بانڈز (FRB) متعارف کرائے اور دو نیلامیاں منعقد کیں۔ مجموعی شمولیت کا مشاہدہ 100bn روپے کے بنیادی ہدف کے خلاف 296.13bn روپے کیا گیا تھا جبکہ ایس بی پی نے 6 ماہ ٹی بلز پر 50 پی ایس پر محیط 34.65bn روپے کی منظوری دی ہے۔ زیر جائزہ مدت کے دوران ایس بی پی نے کوئی جی او پی اجارہ سبک آکشن کا انعقاد نہیں کیا۔



### مستقبل کا نقطہ نظر:

مالیاتی سال 2018 کے دوران پاکستانی معیشت کو بہت سی مشکلات پیش آئیں اور تقریباً تمام معاشی اشارے بدترین تھے۔ مالیاتی سال 2019 میں معیشت کو نئے چیلنجوں کا سامنا ہے۔ مالی سال 2017 میں معیشت دہائی کی بلند ترین سطح پر 5.3 فیصد مجموعی مقامی مصنوعات (جی ڈی پی) کا اعلان کیا گیا۔ مالی سال 2018 میں اس نے تقریباً 5.8 فیصد نمو گزشتہ 13 سالوں میں سب سے زیادہ حاصل کی ہے۔ تاہم، اب مالی سال 2019 میں اس کا تخمینہ 4.8-4.7 فی صد تک لگا گیا ہے۔ پچھلے سال کے دوران اقتصادی بنیادیں بہت کشیدہ ہو گئیں اور جنہوں نے معیشت کو مرکز سے نیچے اتار دیا۔ پانی کا بحران مالی سال 2019 میں معاشی ترقی کو مزید نقصان پہنچا سکتا ہے۔ بین الاقوامی تنظیموں کے مطابق پاکستان کو 2025 تک پانی کے بحران کا سامنا کرنا پڑ سکتا ہے۔ بحران اس مالی سال میں زراعت کی ترقی کو سست کر سکتا ہے۔ معیشت میں اس کا تقریباً پانچواں حصہ ہے۔

غیر معمولی اقتصادی صورتحال کو دیکھتے ہوئے، جہاں 22 جون 2018 کو ملک کے غیر ملکی زرمبادلہ کے ذخائر دو ماہ سے کم عرصہ میں درآمد کے لحاظ سے 9.66 بلین ڈالر کی کم سے کم سطح پر پہنچ گئے، یہ ایک واضح منظر ہے کہ پاکستان 2018 کی پہلی سہ ماہی کے فوراً بعد یا دوسری سہ ماہی کے آغاز میں بین الاقوامی ماہی فیڈ (آئی ایم ایف) کے پروگرام میں داخل ہو جائے گا۔ ہمیں مالی سال 2019 میں کرنسی کی قدر مزید کم اور دسمبر 2018 تک کلیدی شرح سود میں تیزی سے اضافہ ہونے کی توقع ہے۔

### کارپوریٹ گورننس اور مالیاتی رپورٹنگ کا دائرہ کار

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکٹیوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے سوائے جن کا مالی گوشواروں کے ساتھ منسلک تقابلی بیان میں انکشاف کیا گیا۔
- فنڈ کے یونٹ میں کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری اور ان کے زوج اور ان کے نابالغ بچوں کی طرف سے سال کے دوران کوئی تجارت نہیں کی گئی سوائے جن کا مالی گوشواروں سے متعلق نوٹس میں انکشاف کیا گیا۔
- ٹیکسز، ڈیوٹیز، لیویز اور بقایا چارجز کی مد میں کوئی قانونی ادائیگی نہیں ہے۔
- ایک ڈائریکٹر نے ڈائریکٹرز میٹنگ پر وگرام مکمل کر لیا ہے، باقی ڈائریکٹرز ڈائریکٹرز میٹنگ پر وگرام میں شرکت کریں گے یا کمیشن سے ایگزیکٹو کمیشن حاصل کر لیں گے۔
- سال کے دوران، محضر حسین ڈائریکٹرز میٹنگ سے مستعفی ہو گئے اور ان کی جگہ سید شہناز حسین کو مقرر کیا گیا۔

### بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تغیبات
محترمہ شفقت سلطانہ	4	4	-
محترمہ تارہ عزرا داؤد	4	4	-
جناب عنصر حسین*	4	-	1***
جناب محمد اذکار خان	4	-	4***
محترمہ شرمین ہدایت اللہ	4	3	1***
جناب طاہر محمود	4	4	-
سید فرحان عباس	4	4	-
سید شاہت حسین**	4	-	-

\* عنصر حسین بحیثیت ڈائریکٹر 30 اکتوبر 2017 کو مستعفی ہو گئے۔

\*\* سید شاہت حسین 16 اپریل 2018 کو خالی آسامی پر بحیثیت ڈائریکٹر مقرر ہوئے۔

\*\*\* غیر حاضری کی چھٹی دی گئی۔

### آڈٹ کمیٹی کا اجلاس

سال کے دوران، چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تغیبات
جناب عنصر حسین*	4	-	1**
جناب طاہر محمود	4	4	-
سید فرحان عباس	4	4	-
محترمہ شرمین ہدایت اللہ*	4	2	1**

\* عنصر حسین بحیثیت ڈائریکٹر 30 اکتوبر 2017 کو مستعفی ہو گئے۔

\* شرمین ہدایت اللہ 30 اکتوبر 2017 کو آڈٹ کمیٹی میں شامل ہوئیں۔

\*\* غیر حاضری کی چھٹی دی گئی۔

### آڈیٹر

ریٹائر ہونے والے موجودہ آڈیٹر، میسرز ریاض احمد اینڈ کمپنی اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی نے میسرز ریاض احمد کی 30 جون 2019 کو ختم ہونے والے سال کے لئے آڈیٹر کی بحیثیت سے تقرری کی سفارش کی ہے اور بورڈ نے اس کی منظوری دے دی ہے۔



## اصل خطرہ اور غیر یقینی

ایسٹ ہینجمنٹ انڈسٹری ترقی کے مراحل میں ہے اور مارکیٹ میں مقابلہ متوقع ہے جو ایک طرف انڈسٹری AUM بڑھا سکتا ہے اور دوسری طرف کمپنیوں کے موجودہ سائز کو کم کر سکتا ہے۔ کمپنی نے کمپنیل مارکیٹوں میں اوپن انڈسٹری کی سرمایہ کاری کا انتظام کیا ہے جو مائیکرو اکنامک سے متاثر ہونے میں اور سیاسی عناصر جو کمپنی کی کارکردگی کو متاثر کر سکتے ہیں۔ ملک میں سیاسی کشش میں اضافہ ایک خطرہ رہے گا اس کی وجہ سے غیر ملکی اور مقامی سرمایہ کار مارکیٹ سے باہر جاسکتے ہیں جس کے نتیجے میں قیمتوں اور منافع میں کمی آسکتی ہے۔ زرمبادلہ کی شرحیں بھی کمپنیل مارکیٹ کی کارکردگی اور کمپنی کی منافع یا پی کو متاثر کر سکتی ہیں۔

کمپنی کی رسک ہینجمنٹ پالیسیاں اور پروسیجرز یقینی بناتے ہیں کہ رسک کی مؤثر طریقے سے شناخت، تشخیص، نگرانی اور انتظام کیا گیا ہے۔ رسک ہینجمنٹ ایک متحرک فنکشن ہے اور ہینجمنٹ آمدنی میں تبدیلی کو کم کرنے کے لئے اپنے داخلی رسک پروسیجرز اور عوامل کی مسلسل نگرانی لازمی بناتی ہے۔

## اخلاقیات اور کاروباری طریقوں کا بیان

کمپنی کے بورڈ آف ڈائریکٹرز نے اخلاقیات اور کاروباری طریقوں پر عمل کیا ہے۔ تمام ملازمین کو اس بیان بارے میں مطلع کیا گیا ہے اور کاروباری قواعد و ضوابط کے سلسلے میں ان اصولوں پر عمل کرنا ضروری قرار دیا گیا ہے۔

## فنڈ کی حکمت عملی

سرمایہ کاری کی حکمت عملی شریعت کی بنیاد پر سیکورٹیزز بشمول اسٹاک، قرض سیکورٹیز اور گورنمنٹ سیکورٹی موزوں مواقع کے ساتھ سرمایہ کاروں کو فراہم کرنے کی کوشش کرتی ہے۔ فنڈ کی حکمت عملی کا مقصد صرف سرمایہ کاروں کے سرمایہ کو محفوظ بنانا نہیں بلکہ ان کی سرمایہ کاری کی قدر کو زیادہ مستحکم کرنے کے لئے اہل آمدنی فراہم کرنا ہے۔ پورٹ فولیو ہینجمنٹ ٹیم ملک کے میکرو و اشاروں کی روشنی میں مختلف جزیاتی مضامین کا استعمال کرتے ہوئے سرمایہ کاری کا انتخاب کرتی ہے جیسے کہ ٹاپ ڈاؤن کی بنیاد پر بنیادی تحقیق اور مقدار کی سکرین۔ خاص طور پر، ٹیم اپنے حکموں کو بنیادی طور پر مضبوط شعبوں اور کمپنیوں میں شامل کرنے کی کوشش کرتی ہے، جبکہ متحرک طور پر پورٹ فولیو متوقع میکرو رجحانات سے فائدہ مند ہیں۔ سرمایہ کاری شعبوں میں اختلاف ہیں اور سرمایہ کاروں کو ایک بہتر خطرہ/ریٹرن پروفائل پیش کی جاتی ہے۔

## فنڈ کی کارکردگی

30 جون 2018 کو خالص اثاثے 243.12 ملین روپے تھے جو 30 جون 2017 کو 291.05 ملین روپے تھے۔ گزشتہ سال کی اسی مدت میں 103.83 ملین روپے نقصان کے مقابلے میں اس سال 2.05 ملین روپے کی کل آپریٹنگ آمدنی ہوئی۔ سال کے دوران کل اخراجات 10.90 ملین روپے ہوئے جو گزشتہ سال میں 6.92 ملین روپے تھے۔ گزشتہ سال 96.91 ملین روپے آمدنی کے مقابلے میں مالی سال 2018 کے لئے تقسیم سے قبل خالص نقصان 8.84 ملین روپے ہوا۔ 30 جون 2018 کو فی یونٹ خالص اثاثے کی قدر 22.83 روپے تھی۔

## ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو ختم ہونے والے سال کے لئے یونٹ ہولڈرز کو 0.047 روپے فی یونٹ نقد منافع منقسمہ کا اعلان کیا ہے جو ہر ایک ڈس (10) روپے کی مساوی ویلیو فی یونٹ کا 0.47 فیصد بنتا ہے۔

## سیلز اینڈ ریڈمپشن یونٹ

337,238 یونٹس ماہیت 7.87 ملین روپے موجودہ سال میں جاری کئے گئے (2017: 1,629,072 یونٹس ماہیت 29.38 ملین روپے) اور 2,082,811 یونٹس ماہیت 46.49 ملین روپے موجودہ سال میں واپس وصول کئے گئے (2017: 14,879,571 یونٹس ماہیت 239.71 ملین روپے)۔ 30 جون 2018 کو بقایا یونٹس کی تعداد 10,864,101 ماہیت 243.11 ملین روپے تھی۔

## کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو "AM3" کی ایسٹ بیچر ریٹنگ تفویض کی ہے اور یہ کریڈٹ 5 ستارے ہے۔

## منسلک افراد متعلقہ پارٹنروں کے ساتھ ملین دین

فنڈ اور اس سے متعلقہ افراد کے درمیان لین دین جیسا کہ مالی گوشواروں میں انکشاف کیا گیا، قابل رسائی بنیاد پر کیا جاتا ہے۔



30 جون 2018 کو یونٹ ہولڈنگ کا نمونہ

30 جون 2018 کو یونٹ ہولڈرز کا نمونہ ان مالی گوشواروں سے منسلک کر دیا گیا ہے۔

اہم مالیاتی جھلکیاں

کلیدی مالیاتی جھلکیوں کا خلاصہ ان مالیاتی گوشواروں کے ساتھ منسلک کر دیا گیا ہے۔

اظہار تشکر

مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز قابل قدر معاونت، مدد اور رہنمائی پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکرگزار ہیں۔ ڈائریکٹرز عزم، لگن اور محنت پر کمپنی کے ملازمین اور انتظامیہ کا اور کمپنی میں اعتماد پر شہرہ ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔

شفقت سلطانہ

تارہ عزرا واؤڈ

کراچی: September 17, 2018



## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED 30 JUNE 2018

### **Description of the Collective Investment Scheme Category and Type:**

Balanced Scheme /Open end

### **Fund Objective**

To provide investors the opportunity to invest in diversified portfolio of securities representing equity, fixed income securities and money market instruments.

### **Explanation as to whether the Collective Investment Scheme Achieved Its Stated Objective**

The Collective Investment Scheme achieved its stated objective.

### **Fund Performance**

As at June 30, 2018, net assets were Rs. 243.12 million as compared to Rs. 291.05 million as at June 30, 2017. Total operating income for the year was Rs. 2.05 million as compared to loss of Rs. 103.83 million for the same period last year. Total expenses during the year were Rs. 10.90 million as compared to Rs. 6.92 million in last year. Net loss before distribution is 8.84 million as compared to previous year's income of Rs. 96.91. The Net Asset Value per unit was Rs. 22.38 as at June 30, 2018.

### **Fund Return**

Fund Bench Mark KSE-100 Index + Avg. 6 Month KIBOR on the basis of actual proportion held by the scheme.

	YTD Return	YTD Bench Mark
FY 2018	(3.05)%	(4.27)%
FY 2017	50.52%	13.08%

<b>Asset Allocation</b>	
TFC / Sukuk	20.26%
Equity Securities	63.98%
Bank Balances	12.97%
Others	2.79%

<b>Asset Quality 2018</b>	
AA+	0.97%
AA	9.49%
A+	14.01%
A	0.02%
A-	8.73%
Unrated	64.45%



### Changes in Total NAV And NAV Per Unit Since the Last Review Period

Net Assets Value			NAV per unit		
June 30, 2017	June 30, 2018	Change in %	June 30, 2017	June 30, 2018	Change in %
291,051,674	243,116,685	(16.47)%	23.08	22.38	(3.05)%

### INVESTMENT STRATEGY

The investment strategy devised for the Fund seeks to provide investors with balanced exposure to stocks, debt securities and government securities. The Fund's strategy aims to not only preserve investors' capital but also to maximize the value of their investments while providing a stable stream of income.

The portfolio management team selects investments using various analytical disciplines such as top-down fundamental research and quantitative screens in the light of the country's macro indicators. In particular, the team seeks to include in its portfolios fundamentally strong sectors and companies, while dynamically rebalancing portfolios to benefit from predicted macro trends. Investments are diversified across a mix of sectors and investors are offered an optimized risk/return profile.

### DIVIDEND

The Board of Directors has announced cash dividend to unit holders of Rs. 0.0476 per unit for the year ended June 30, 2018 which comes out to be 0.47% of the par value per unit of Rs. 10.

Number Of Certificateholders	Certificate Holding From	To	Number Of Certificates
430	0.0001	9,999.9999	359,909.3411
23	10,000.00	49,999.9999	463,229.4972
2	50,000.00	99,999.9999	124,792.2968
6	100,000.00	499,999.9999	1,658,271.6159
2	500,000.00	999,999.9999	1,453,229.3665
1	1,000,000.00	9,999,999.9999	6,804,669.0230
<b>464</b>			<b>10,864,101.1405</b>

### Economic Review:

Pakistan's economic performance in FY18 continued to post an improvement with real GDP growth accelerating to 5.79% compared to 5.37% in the year before. FY18's GDP growth rate was the highest in the past 10 years. Key factors behind the higher GDP growth rate were increase in growth rate of agricultural sector, which posted 3.81% growth vs 2.07% growth, the growth in production of three important crops namely rice, sugarcane and cotton is estimated at 8.7%, 7.4%, and 11.8% respectively. Meanwhile, industrial growth came in at 5.80% and service sector posted 6.43% growth. CPI inflation comes out to be 3.9%. The increase in CPI inflation is being majorly attributed due to the base effect kicking because of contained food prices and budgetary measures adopted last year. Pakistan's fiscal deficit as % of GDP reduced to 4.3% from previous year's 5.8%. During second of FY18 State Bank of Pakistan increased Discount Rate twice, first in January'18 and then in May'18 by 25 bps and 50 bps respectively to 7%. The reasons were (i) the multiplier-effect of a strong fiscal expansion during second half



of FY18 is likely to offset the contractionary impact of monetary tightening in the recent months on domestic demand; (ii) higher international oil prices have continued to inflate the import bill; (iii) rising inflation projections and the ensuing fall in real interest rates; and (iv) a notable reduction in PKR and US interest rate differential.

### **Money Market Review:**

The SBP held twenty six Treasury bill auctions during FY18. The cumulative participation witnessed were PKR 21,100bn against the pre-announced auction target of PKR 16,925bn while the SBP accepted an amount of PKR 16,052bn during the period under review. That being said, acceptance in 3 months tenor represented 92.11% of the total accepted amount while the 6 months and 12 months were 7.64% and 0.26% respectively. Further during this period SBP conducted twelve Pakistan Investment Bond (PIB) auctions and raised PKR 94.9bn the last cut-off yields were 7.5%, 8.48% and 8.70 % for 3, 5 and 10 years respectively. State bank of Pakistan also revised coupons rates and increased it by 25bps for 3 and 5 year tenor for Jul'18 auction while keeping the rates constant for 10 and 20 years.

Towards the end of second half of FY18 SBP introduced Floating Rate Bonds (FRB) based on spread over 6 months weighted average cut-off T.Bills and conducted two auctions. The cumulative participation witnessed were PKR 296.13bn against the auction target of PKR 100bn while the SBP accepted an amount of PKR 34.65bn with spread over 50 bps on 6mT.Bills.

The SBP did not conduct any GOP Ijarah Sukuk auction during the period under review.

### **Stock Market Review:**

During the financial year 2017-18, the Pakistan Stock markets 100 index underperformed -5.97%. During the period under review, the market remained volatile, it reached the peak of 47,084 points on August 03 2017, then continued to go down, reaching its lowest level point of 37,919 on December 19 2017. The fiscal year 2018 started well with significant positive economic indicators, notably, a promising GDP growth, improved country perception, recognition of SMEs as the prime mover of country's economy and the continuity of the inflow of remittances by the Overseas Pakistanis. At the start of new calendar year 2018, the market gained momentum. On June 29th, PSX 100 index closed at 41,910.90 points whereas market capitalization was Rs. 8.66 trillions. The foreign investors offloaded securities worth PKR 32.33 billion during July 2017 - June 2018, which was absorbed by domestic individual investors, companies and insurance companies. This strong buying by local investors has shown the confidence of the investors in Pakistan's equity market.

### **Future Outlook:**

Pakistan's economy received multiple jolts during fiscal year 2018 and almost all economic indicators worsened. The economy is faced with new and bigger challenges in fiscal year 2019. The economy took off with Gross Domestic Product (GDP) being declared at a decade high level of 5.3% in fiscal 2017. It achieved a 13-year high growth of around 5.8% in FY18. However, now it is estimated to recede to 4.7-4.8% in FY19. Economic fundamentals have deteriorated over the previous year and are set to mess up the economy down the road. The water crisis may further hamper economic growth in fiscal year 2019. As per international organizations, Pakistan is likely to face a major water crisis by 2025. The crisis may slow down agriculture growth this fiscal year. Its share in the economy stands at around one-fifth.

Given the bleak economic scenario, where the country's foreign currency reserves have dropped to a critical level of less than two months import cover at \$9.66 billion on June 22, 2018; it is an obvious scenario that Pakistan will enter into the International Monetary Fund's (IMF) program sometime late first quarter or early second quarter 2018. We expect more currency devaluation in FY19 and hike in key interest rate by December 2018.



**OTHER DISCLOSURE UNDER NBFC REGULATIONS 2008**

The Fund Manager hereby makes the following disclosures as required under NBFC Regulations 2008;

The Management Company or any of its delegates did not receive any soft commission (goods & services) from any of its brokers/dealers by virtue of transactions conducted by the Fund.

There was no unit split undertaken during the year.

Investments are subject to market risk that may materially affect any interests of unit holders

**Details of Pattern of Holdings (Units)  
As at June 30, 2018**

<b>S. No.</b>	<b>Category</b>	<b>No of Unit Holders</b>	<b>Investment Amount</b>	<b>% of Total</b>
1	Directors Tara Uzra Dawood, CEO	1	307,635	0.14
2	Associated Companies Undertakings and related	4	191,602,137	78.82
3	Individuals	445	24,656,889	10.15
4	Modaraba / Mutual Funds	2	25,958	0.02
5	Others	10	25,220,354	10.38
	<b>TOTAL</b>	<b>85</b>	<b>243,116,524</b>	<b>100.00</b>



**Details of Pattern of Holdings (Units)  
As at June 30, 2018**

S. No.	Category	No of Unit Holders	Unit Held	Amount	% of Total
1	<b>Directors</b>				
	Ms. Tara Uzra Dawood, CEO	1	13,747	307,635	0.13
	Ms. Shafqat Sultana	1	50,059	1,120,217	0.46
2	<b>Associated Companies</b>				
	786 Investment Limited	3	8,069,727	180,584,362	74.28
	BRR Guardian Modaraba	1	492,349	11,017,776	4.53
3	<b>Individuals</b>	444	1,051,785	23,536,832	9.68
4	<b>Insurance Companies</b>	2	58,251	1,303,551	0.54
5	<b>Bank/DFIs</b>	-	-	-	0.00
6	<b>Modaraba / Mutual Funds</b>	2	1,160	25,958	0.01
7	<b>Others</b>	10	1,127,023	25,220,354	10.37
		<b>464</b>	<b>10,864,101</b>	<b>243,116,685</b>	<b>100.00</b>

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**FIRST DAWOOD MUTUAL 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 First Dawood Mutual Fund (the Fund) are of the opinion that 786 Investments Limited (formerly Dawood Capital Management Limited) being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

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

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

Karachi: September 10, 2018



**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
FIRST DAWOOD MUTUAL FUND**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of First Dawood Mutual Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2018, and the income statement, statement of comprehensive income, statement of movements in unit holders' fund and cash flow statement 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 give a true and fair view of the financial position of the Fund as at 30 June 2018, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the 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 Auditors' 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) together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

Following are the key audit matters:

<b>S. No.</b>	<b>Key audit matters</b>	<b>How the matter was addressed in our audit</b>
<b>1)</b>	<b>Existence and valuation of investments:</b>  Investment portfolio of the Fund makes up 84.25% of total assets and 87.72% of	Our procedures over the existence and valuation of the Fund's investment portfolio included, but were not limited to:

the net assets of the Fund. Investment portfolio of the Fund comprises of listed equity securities and unlisted debt securities classified at fair value through profit or loss (held-for-trading). For further information, refer to the following:

- Summary of significant accounting policies, financial instruments note 3.2 to the financial statements.
- Investments note 5 to the financial statements.

We have identified the existence, ownership and valuation of the Fund's investments as a key audit matter as the investment is a significant driver of the net assets value of the Fund and of its total return.

- i) walked through the valuation processes and understood the systems and controls implemented;
- ii) evaluated the Fund's investment valuation policies with reference to the requirements of the applicable accounting and reporting standards;
- iii) agreed holding of all investments from the Account Balance Report of Central Depository Company of Pakistan Limited;
- iv) agreed the valuation of all listed equity securities from prices quoted on the Pakistan Stock Exchange Limited and the valuation of all debt securities from the rates published by Mutual Fund Association of Pakistan (MUFAP); and
- v) evaluated the adequacy of provision held against non-performing debt securities.

**2) Amendments in Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008):**

The Securities and Exchange Commission of Pakistan (SECP) through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in the NBFC Regulations, 2008.

The SRO includes a definition and explanation relating to "element of income" and also stipulates that the accounting income available for distribution as appearing in the "Income Statement" excludes income already paid on units redeemed during the year. Accordingly, the net amount appearing on the "Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.

The said SRO also deleted 'Distribution

Our procedures included, but were not limited to:

- i) Developed understanding of the amendments in the NBFC Regulations, 2008;
- ii) Ensured that changes in accounting policy resulted from amendments in the NBFC Regulations, 2008 are adopted and reported as per the requirements of applicable accounting and reporting standards;
- iii) Recalculated the amount available for distribution taking into account the amount already distributed at the time of redemption;
- iv) Ensured the accuracy of management report for allocation of distributable

# Riaz Ahmad & Company

Chartered Accountants

Statement' and requires additional disclosures and recording of element of income / loss included in price of unit issued or redeemed in statement of movement in unit holders' fund instead of income statement. For further information, refer to note 3.5 to the financial statements.

These amendments in the NBFC Regulations, 2008 are considered key audit matter because there is a risk that impact of such amendments is not adequately reflected in the financial statements.

amount between 'distribution out of income' and 'refund of capital'; and

- v) Ensured that amount of element of income is appropriately disclosed in the income statement and statement of movement in unit holders' fund pursuant to amendments.

## **Other Matter**

The financial statements of the Fund for the preceding year ended 30 June 2017 were audited by another firm of chartered accountants who, vide their report dated 18 September 2017, expressed unmodified opinion on those financial statements with emphasis of matter paragraphs concerning the (i) suspension of the operations of the Fund from 22 March 2013 to 22 January 2015 and resultant non-compliance with various regulatory requirements by the Management Company; (ii) pending approval of the license of the Management Company from SECP to undertake asset management services and investment advisory services; and (iii) provision for taxation amounted to Rupees 63.6 million made by the management in anticipation of tax demand that may be raised by the taxation authority due to untimely distribution of ninety percent of the accounting income for the years ended 30 June 2013 till 30 June 2015 to the unit holders and subsequent reversal thereof.

## **Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Management Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund 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 of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund for 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Riaz Ahmad & Company

Chartered Accountants

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

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the NBFC Regulations, 2008 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management 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 either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

## **Auditors' 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 auditors' 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 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 the 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

# Riaz Ahmad & Company

Chartered Accountants

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 auditors' 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 auditors' 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 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 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 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 auditors' 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Waqas.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Karachi

Date: 17 SEP 2018



**STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>Assets</b>			
Bank Balances	4	32,823,960	104,074,858
Investments	5	213,262,337	196,220,834
Deposits	6	3,550,000	4,550,000
Dividends and Other Receivable	7	3,500,575	806,828
Advance Income Tax		-	1,871,371
<b>Total Assets</b>		<b>253,136,872</b>	<b>307,523,891</b>
<b>Liabilities</b>			
Payable to 786 Investments Limited - Management Company	8	1,335,294	1,767,092
Payable to Central Depository Company of Pakistan Limited - Trustee	9	65,022	132,207
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	10	220,433	247,390
Accrued Expenses and Other Liabilities	11	7,952,998	11,388,089
Dividend Payable		-	2,491,056
Unclaimed Dividend		446,440	446,440
<b>Total Liabilities</b>		<b>10,020,187</b>	<b>16,472,274</b>
<b>Net Assets</b>		<b>243,116,685</b>	<b>291,051,617</b>
<b>Unit Holders' Fund (As per Statement Attached)</b>		<b>243,116,685</b>	<b>291,051,617</b>
		<b>Number of Units</b>	
<b>Number of Units In Issue</b>	12	<b>10,864,101</b>	<b>12,609,674</b>
		<b>Rupees</b>	
<b>Net Assets Value per Unit</b>		<b>22.38</b>	<b>23.08</b>
<b>Contingencies and Commitments</b>	13		

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

**786 Investments Limited.  
(Management Company)**

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



**INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>Income</b>			
Income from Bank Balances		2,645,712	9,708,020
Income from Term Deposit Receipt		-	302,466
Income from Sukuk and Term Finance Certificates		3,079,616	487,676
Income from Government Securities		-	971,428
Dividend Income		5,594,557	3,537,081
Capital Gain on Sale of Investments		4,592,479	41,660,771
Other Income		572,410	-
		<u>16,484,774</u>	<u>56,667,442</u>
Net Unrealised (Diminution)/Appreciation in Fair Value of Investments Classified As 'At Fair Value Through Profit or Loss'		<u>(14,438,355)</u>	<u>47,165,915</u>
<b>Total Income</b>		<b>2,046,419</b>	<b>103,833,357</b>
<b>Expenses</b>			
Remuneration to 786 Investments Limited - Management Company	8.1	5,184,465	5,820,934
Sindh Sales Tax on Remuneration to Management Company	8.2	673,983	756,724
Accounting and Operation Charges	8.3	259,118	291,011
Remuneration to Central Depository Company Pakistan Limited - Trustee	9.1	700,000	701,527
Sindh Sales Tax on Trustee Fee	9.2	91,000	91,199
Annual Fee to Securities and Exchange Commission of Pakistan	10	220,421	247,390
Auditors' Remuneration	14	490,320	487,200
Fees and Subscription		686,243	539,267
Legal and Professional Charges		-	308,096
Securities' Transaction Cost		234,382	952,134
Bank Charges		8,882	6,732
Conversion Cost		-	1,419,433
Withholding Taxes		2,221,925	-
Reversal of Provision for Workers' Welfare Fund - Federal		-	(7,019,144)
Provision for Sindh Workers' Welfare Fund (SWWF)		-	2,176,440
Printing Charges		118,261	139,550
<b>Total Expenses</b>		<b>10,889,000</b>	<b>6,918,493</b>
<b>Net (Loss)/Income from Operating Activities</b>		<b>(8,842,581)</b>	<b>96,914,864</b>
Net Element of Income and Capital Gains Included in Prices of Units Issued Less Those in Units Redeemed	3.5	-	6,806,394
<b>Net (Loss)/Income for the Year before Taxation</b>		<b>(8,842,581)</b>	<b>103,721,258</b>
Taxation	15	-	-
<b>Net (Loss)/Income for the Year after Taxation</b>		<b>(8,842,581)</b>	<b>103,721,258</b>
<b>Allocation of Net Loss for the Year</b>			
Income Already Paid on Units Redeemed		(477,548)	
Accounting Loss Available for Distribution			
- Relating to Capital Loss		(9,845,876)	
- Excluding Capital Gain		525,747	
		<u>(9,320,129)</u>	
<b>Earnings Per Unit</b>	16		

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

**786 Investments Limited.  
(Management Company)**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Director**



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018 Rupees</b>	2017 Rupees
Net (Loss)/Income for the Year after Taxation	<b>(8,842,581)</b>	103,721,258
<b>Other Comprehensive Income</b>		
Items That are or May be Reclassified Subsequently to Income Statement		
Net Unrealised (Diminution)/Appreciation in Fair Value of Investments Classified as Available for Sale	-	-
<b>Total Comprehensive (Loss)/Income for the Year</b>	<b><u>(8,842,581)</u></b>	<b><u>103,721,258</u></b>

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

**786 Investments Limited.  
(Management Company)**

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



**STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	30 June 2018			30 June 2017		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	----- Rupees -----			----- Rupees -----		
<b>Net Assets at the Beginning of the Year</b>	<b>89,043,101</b>	<b>202,008,516</b>	<b>291,051,617</b>	305,635,310	121,654,040	427,289,350
Issue of 337,238 Units (2017: 1,629,072 Units)						
- Capital Value (At Net Asset Value per Unit at The Beginning of the Period	7,755,656	-	7,755,656			
- Element of Income	122,564	-	122,564			
Total Proceed on Issuance of Units	7,878,220	-	7,878,220	29,218,328	165,264	29,383,592
Redemption of 2,082,811 Units (2017: 14,879,571 Units)						
- Capital Value (At Net Asset Value per Unit at The Beginning of the Period	(46,420,940)	-	(46,420,940)			
- Amount Paid Out of Element of Income Relating To 'Net Income for the Period after Taxation'	-	(477,548)	(477,548)			
- Refund/Adjustment on Units As Element of Income	(72,083)	-	(72,083)			
Total Payment on Redemption of Units	(46,493,023)	(477,548)	(46,970,571)	(245,810,537)	6,641,130	(239,169,407)
Element of (Income)/Loss and Capital (Gains)/Losses Included in Prices of Units Issued Less Those in Units Redeemed - Net					(6,806,394)	(6,806,394)
Total Comprehensive (Loss)/Income for the Year	-	(8,842,581)	(8,842,581)	-	103,721,258	103,721,258
Distributions						
Final Distribution at the Rate of Rupees 1.1173 Per Unit for the Year Ended 30 June 2017					(13,696,492)	(13,696,492)
Final Distribution at the Rate of Rupee 0.01 Per Unit for the Year Ended 30 June 2016	-	-	-	-	(260,000)	(260,000)
Final Distribution at the Rate of Rupee 0.1218 Per Unit for the Year Ended 30 June 2015	-	-	-	-	(3,150,842)	(3,150,842)
Final Distribution at the Rate of Rupee 0.232 Per Unit for the Year Ended 30 June 2014	-	-	-	-	(5,999,448)	(5,999,448)
Final Distribution at the Rate of Rupee 0.01 Per Unit for the Year Ended 30 June 2013	-	-	-	-	(260,000)	(260,000)
	-	-	-	-	(23,366,782)	(23,366,782)
<b>Net Assets at End of the Year</b>	<b>50,428,298</b>	<b>192,688,387</b>	<b>243,116,685</b>	89,043,101	202,008,516	291,051,617
Undistributed Income Brought Forward						
- Realized		154,700,956			121,512,395	
- Unrealised		47,307,560			141,645	
		202,008,516			121,654,040	
Accounting Income Available for Distribution						
- Relating to Capital Loss		(9,845,876)			-	
- Excluding Capital Gains		525,747			-	
		(9,320,129)			-	
Net (Loss)/Income for the Year After Taxation (for Prior Periods Either Income/Loss and Where There is Loss Situation in Current Year)		-			103,721,258	
Distributions During the Year		-			(23,366,782)	
Undistributed Income Carried Forward		192,688,387			202,008,516	
Undistributed Income Carried Forward						
- Realised		207,126,742			154,700,956	
- Unrealised		(14,438,355)			47,307,560	
		192,688,387			202,008,516	
Net Assets Value per Unit at Beginning of the Year			23.08			16.52
Net Assets Value per Unit at End of the Year			22.38			23.08

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

**786 Investments Limited.  
(Management Company)**

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2018**

	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (Loss)/Income for the Year Before Taxation	(8,842,581)	103,721,258
<b>Adjustments for Non-Cash Charges and Other Items:</b>		
Capital Gain on Sale of Investments	(4,592,479)	-
Unrealised Diminution/(Appreciation) in Fair Value of Investments Classified As 'At Fair Value Through Profit Or Loss' - Net	14,438,355	(47,165,915)
Net Element of Income and Capital Gain Included in Prices of Units Issued Less Those in Units Redeemed	-	(6,806,394)
Reversal of Provision for Workers' Welfare Fund - Federal Withholding Taxes	-	(7,019,144)
	<u>2,221,925</u>	<u>-</u>
	3,225,220	42,729,805
<b>Increase in Assets</b>		
Investments	(26,887,379)	(8,520,204)
Deposits	1,000,000	-
Dividends and Other Receivable	(2,693,747)	1,641,630
	<u>(28,581,126)</u>	<u>(6,878,574)</u>
<b>Decrease in Liabilities</b>		
Payable to 786 Investment Limited - Management Company	(431,798)	(33,643,444)
Payable to Central Depository Company of Pakistan Limited - Trustee	(67,185)	(2,563,639)
Annual Fee Payable to Securities and Exchange Commission of Pakistan	(26,957)	(1,297,045)
Accrued Expenses and Other Liabilities	(3,435,091)	596,227
	<u>(3,961,031)</u>	<u>(36,907,901)</u>
Taxes Paid/Withheld By Counterparties	(350,554)	(3,527,529)
<b>Net Cash Used in Operating Activities</b>	<u>(29,667,491)</u>	<u>(4,584,199)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(2,491,056)	(5,329,500)
Receipts from Issuance of Units	7,878,220	18,736,874
Payments on Redemption of Units	(46,970,571)	(239,169,407)
<b>Net Cash Used in Financing Activities</b>	<u>(41,583,407)</u>	<u>(225,762,033)</u>
Net Decrease in Cash and Cash Equivalents During the Year	(71,250,898)	(230,346,232)
Cash and Cash Equivalents At Beginning of the Year	104,074,858	334,421,090
<b>Cash and Cash Equivalents At End of the Year</b>	<u>32,823,960</u>	<u>104,074,858</u>

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

**786 Investments Limited.  
(Management Company)**

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 First Dawood Mutual Fund ('the Fund') was established under the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 (the NBFC Rules). Formation of the Fund as closed end fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on 28 January 2005. It was established under Trust Deed dated 08 December 2004 executed between 786 Investments Limited (formerly Dawood Capital Management Limited) as the Management Company, and Central Depository Company of Pakistan Limited (CDC), as the Trustee, duly approved by the SECP. During the last year, the Management Company has changed its name to 786 Investments Limited with effect from 20 January 2017 after completing regulatory requirements. During the current year, the registered office of the Management Company was changed and now situated at G3, Ground floor, BRR Tower, Hassan Ali Street, I.I Chundrigar Road, Karachi, Pakistan.

SECP vide its letter SCD/AMCW/FDMF/337/2016 dated 10 March 2016 approved the conversion of the Close-end fund into an Open-end scheme effective from 7 April 2013 under the regulation 65 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) by virtue of a scheme of conversion of the Fund under a supplemental Trust Deed executed between 786 Investments Limited as Management Company and CDC as Trustee after being approved by the SECP on 3 June 2016 in accordance with the provisions of NBFC Regulations.

- 1.2 Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund. The Fund is in the process of delisting as Closed-end fund and listing as an Open-end fund on Pakistan Stock Exchange Limited (PSX).
- 1.3 The Fund is categorized as a "Balanced Scheme" approved by the Board of Directors of the Management Company as per Circular 7 of 2009 issued by the SECP. The policy of the Fund is to invest in a mix of traded securities covering debt, equity and money market transactions.

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

- 1.4 Regulation 54 Clause 3(a) of the NBFC Regulations, 2008 requires the minimum size of open end schemes to be Rupees 100 million at all times during the life of the scheme. As at 30 June 2018, size of the Fund is Rupees 243.117 million and the Management Company holds up to 74% units of the Fund. Redemption of units of the Fund by the Management Company would result in size of the Fund reduced from the minimum required size of Rupees 100 million. The Management Company has agreed to hold its investment unless the potential risk of non-compliance with the requirement of the NBFC Regulations, 2008 is not eliminated.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM3' to the Management Company and has assigned performance ranking of "5 star" to the Fund.
- 1.6 In continuation of onsite inspection carried out last year, SECP conducted offsite examination of the Management Company and Funds under its management during the current year. Based on the inspection and examination SECP highlighted various non-compliances with NBFC Rules and NBFC Regulations in its letters to the Management Company dated 12 April 2018 and 18 July 2018. These non-compliances mainly pertain to financial management systems, compliance and risk management system, updating of policies and procedures, fund management and internal controls and procedures. The management Company vide its letters to SECP dated 4 May 2018 and 31 July 2018 ensured that most of the non-compliances have been complied whereas for rest of the non-compliances, the Management Company is fully committed to ensure compliance with such rules and regulations in due course.
- 1.7 PSX vide its letter number no. PSX/N C-848-2945 dated 27 June 2018 considered Management Company request for shifting name of the Management Company from Defaulters' Segment to Normal Counter and resumption of trading in shares of the Management Company on fulfillment of full and final payment against outstanding dues and other conditions.

The Management Company paid the dues of PSX on 28 June 2018 and fulfilled other conditions subsequently on 23 July 2018. On fulfillment of the conditions, PSX through its notice dated 30 August 2018 announced the shifting of name of the Management Company to Normal Counter and resumption of trading in shares of the Management Company from 03 September 2018.

- 1.8 The Management Company applied for renewal of its license to undertake Asset Management Services and Investment Advisory Services which was approved by the SECP on 19 October 2017 and accordingly issued license no. AMCW/13/786IL/AMS/08/2017 and AMCW/14/786IL/IA/06/2017 to carry out Asset Management Services and Investment Advisory Services respectively.

### 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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;



- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the 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 requirements of IFRS, 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 Amendments to the Approved Accounting Standards and Interpretations that are Effective for the Year Ended 30 June 2018

There are certain amendments to the approved accounting standards that are mandatory for the Fund's annual accounting period beginning on 1 July 2017. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

## 2.3 New Accounting Standards, Amendments to Existing Standards, IFRS Interpretations and Forthcoming Changes that are not Yet Effective.

The following standards, amendments and interpretations with respect to approved accounting standards would be effective from the date mentioned below against the respective standards, amendments and interpretations.

### a) IFRS 15 Revenue from Contracts with Customers - Effective Date: 1 July 2018

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Fund has yet to assess the full impact of this standard on its financial statements.

### b) IFRS 9 Financial Instruments - Effective Date: 1 July 2018

IFRS 9 'Financial Instruments' was issued on 24 July 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after 1 July 2018. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'.

Key requirements of IFRS 9 are as follows;

#### Classification and Measurement of Financial Assets

- All recognized financial asset that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value.
- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.
- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at fair value through Other Comprehensive Income.
- All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.
- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

#### Classification and Measurement of Financial Liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows;

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.



### **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.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 have deferred the applicability of above provision requirements in relation to debt securities for mutual funds.

### **Impact Assessment**

Based on the analysis of Fund's financial assets and liabilities as at 30 June 2018 and also considering facts and circumstances that exists at that date, the Management Company have assessed the impact of IFRS 9 on the financial statements as follows:

IFRS 9 contains three principal classification categories for financial assets; measured at amortized cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit and Loss account (FVTPL). The standard eliminates the existing IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities (IAS 39) categories of held-to-maturity, loans and receivables and available-for-sale.

The Fund does not expect the new guidance to affect the classification and measurement of its financial assets except for investments in debt securities classified as at fair value through profit or loss which are to be measured at fair value through other comprehensive income upon application of IFRS 9 with value changes to be recognised in other comprehensive income instead of profit or loss. The change in fair value attributed to these financial assets amounting to Rupees 2.966 million during the current year would be recognised in other comprehensive income under IFRS 9. Further, there will be no impact on the Fund's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

#### **c) IAS 12 Income Taxes - Effective Date: 1 January 2019**

This amendment as part of the annual improvement 2015-2017 cycle, clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. The amendments are not likely to have material impact on the Funds financial statements.

#### **d) IFRIC 23 Uncertainty Over Income Tax Treatment - Effective Date: 1 January 2019**

The interpretation clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not expected to have material impact on the Funds financial statements.

## **2.4 Basis of Measurement**

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

## **2.5 Functional and Presentation Currency**

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund and figures are rounded off to the nearest rupees.

## **2.6 Critical Accounting 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 reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods. In particular, information about assumption and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year as well as critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

### **Investments Stated at Fair Value**

The Management Company has determined fair value of listed equity securities, term finance certificates and sukuk certificates by using quotations from Pakistan Stock Exchange Limited and Mutual Funds Association of Pakistan respectively. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.



#### **Other Assets**

Judgment is also involved in assessing the realization of the assets' balances.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except stated in note 3.1 and 3.4.

#### **3.1 Change in Policy in Relation to Preparation of Income Statement and Statement of Comprehensive Income**

During the current period, the Fund has also changed its accounting policy in respect of the presentation of components of 'other comprehensive income' by including a separate statement titled 'Statement of Comprehensive Income'. Previously, these components were shown in a single statement along with the items of income and expenses under the heading 'Income Statement and Statement of Comprehensive Income'. As a result of the above change, two separate statements are now being presented i.e. 'Income Statement' (representing items of income and expenses) and 'Statement of Other Comprehensive Income' (representing components of 'other comprehensive income'). This change in accounting policy has been made for better presentation and has been applied retrospectively.

#### **3.2 Financial Instruments**

The Fund classifies its financial instruments in the following categories:

##### **a) Financial Instruments as 'at Fair Value through Profit or Loss'**

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated at fair value through profit or loss at inception. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative. Financial instruments as 'at fair value through profit or loss' are measured at fair value and changes therein are recognised in the Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

##### **b) Held-to-Maturity**

Investments with fixed maturities and fixed or determinable payments are classified as held to maturity investments when management has both the intent and the ability to hold to maturity. After initial measurement, such investment are carried at amortised cost less any provision for impairment except for in case of debt securities (listed but not regularly traded on stock exchange) and government securities, which are carried out at fair value in accordance with the requirements of the NBFC Regulations and directives issued by SECP.

##### **c) Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'at fair value through profit or loss' or 'available for sale'.

##### **d) Available-for-Sale**

Available for sale' financial assets are non-derivative that are either designated in this category or not classified in any other category.

##### **e) Financial Liabilities**

Financial liabilities, other than those as 'at fair value through profit or loss', are measured at amortized cost using the effective yield method.

##### **f) Regular Way Contracts**

Regular purchases and sale of financial assets are recognized on the trade dates - the date on which the Fund commits to purchase or sell the asset.

#### **Recognition**

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the financial assets.



## **Measurement**

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial instrument not as 'at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instruments 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets as 'at fair value through profit or loss' are recognised in the Income Statement. The changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated adjustments recognised in other comprehensive income are transferred to Income Statement.

Financial assets classified as loan and receivables' are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those 'at fair value through profit or loss', are measured at amortised cost using the effective yield method.

## **Fair Value Measurement Principles**

The fair value of financial instrument is determined as follows:

### **Basis Of Valuation Of Debt Securities**

The fair value of debt securities (other than government securities) is based on the value determined and announced by MUFAP in accordance with criteria laid down in Circular No.1 of 2009 and Circular No.33 of 2012 issued by the SECP. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Provisions are recognised when there is objective evidence that a financial asset or group of financial assets are non-performing, in accordance with the circular and subsequent clarification thereon. Additional provision may be recognised when there is objective evidence of the continuity of non-performing. Further the reversal of provisions is also made in accordance with the said circulars and subsequent clarifications.

### **Basis of Valuation of Quoted Equity Securities**

The fair value of shares of listed companies, derivatives and financial instruments sold on deferred settlement basis is based on their price quoted on the Pakistan Stock Exchange at the reporting date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their fair value.

### **Basis of Valuation of Government Securities**

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenor of the securities.

## **Impairment**

Financial assets not carried 'at fair value through profit or loss' are reviewed at each balance sheet date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and that loss events had an impact on the future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In case of an investment in an equity security, a significant or prolonged decline in fair value below its cost is objective evidence of impairment. Impairment losses are recognised in Income Statement. Any subsequent decrease in impairment loss on debt securities classified as available-for-sale is recognised in Income Statement. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

If, an event occurring after the impairment was recognised causes the amount of impairment to decrease then the decrease in impairment loss is reversed through the Income Statement except for reversal of equity investment classified as 'available for sale'.

Provisions are recognised when there is objective evidence that a financial asset or group of financial assets are non-performing, in accordance with the criteria laid down by the SECP in Circular No. 1 of 2009, Circular No. 33 of 2012, Circular No. 35 of 2012 and subsequent clarifications thereon. As allowed by SECP, management may also make provision over and above the minimum provision requirement prescribed in the aforesaid circulars. Further the reversal of provisions is also made in accordance with the said circulars and subsequent clarifications.

The Board of Directors of the Management Company has formulated a comprehensive policy for making provision against non-performing investments in compliance with applicable Circular issued by the SECP.



### **Derecognition**

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial assets expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Fund neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### **Offsetting of Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Fund or the counterparties.

### **3.3 Unit Holders' Fund**

Unit holders' fund representing the units issued by the Fund, is carried at the net asset value representing the investors' right to a residual interest in the Fund assets.

### **3.4 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 day. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable on units for which the distributors receive redemption applications during business hours on 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, charges on redemption and any provision for transaction costs, if applicable.

### **3.5 Element of Income/(Loss) and Capital Gains/(Losses) Included in Prices of Units Issued Less Those in Units Redeemed**

The Fund has followed the requirements of SRO 756 (I) 2017 dated 3 August 2017 read with NBFC regulations, 2008 in the preparation of these financial statements as follows:

- element of income has been determined as the difference between net assets value on the issuance or redemption date, as the case maybe, of units and the net asset value at the beginning of the accounting period;
- presented distributable income in statement of movement In unitholders' fund ; and
- presented allocation of net income available for distribution relating to capital gains and excluding capital gains in statement of movement In unitholders' fund.

**3.5.1** The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund, whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income/(loss) and capital gains/(losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation/(diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income/(loss) and capital gains/(losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.



As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from 1 July 2017, based on the clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the loss of the Fund would have been higher by Rupees. 0.427 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures/new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

### 3.6 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.7 Net Assets Value per Unit

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

### 3.8 Taxation

#### Current

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 of that year, as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders of collective investment scheme.

#### Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax assets on unutilized tax losses to the extent that these will be available for set off against future taxable profits.

However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed to its unit holders every year.

### 3.9 Income Recognition

- a) Gains/(losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- b) Income on sukuk and term finance certificates, term deposit receipts and government securities is recognised on a time proportionate basis using effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- c) Unrealised gains/(losses) arising on valuation of investments classified as fair value through profit or loss' and derivatives are included in the Income Statement in the period in which they arise.
- d) Unrealised gains/(losses) arising on valuation of investments classified as 'available for sale' are included in the other comprehensive income in the period in which they arise.
- e) Dividend income is recognised when the right to receive the dividend is established.
- f) Profit on saving accounts with banks is recognised on time proportion basis using effective interest rate method.



### 3.10 Expenses

All expenses including Management fee, Trustee fee and Securities Exchange Commission of Pakistan fee are recognised in the Income Statement on accrual basis.

### 3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term 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 and other purposes.

### 3.12 Other Assets

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

### 3.13 Dividend Distributions and Appropriations

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

## 4 BANK BALANCES

	Note	2018 Rupees	2017 Rupees
- Savings Accounts	4.1	<u>32,823,960</u>	<u>104,074,858</u>

4.1 Profit rates on savings accounts range from 2.48% to 6.2% (30 June 2017: 3.25% to 6.20%) per annum.

## 5 INVESTMENTS

### At Fair Value through Profit or Loss - Held for Trading

Listed Equity Securities	5.1	<u>161,973,694</u>	190,963,584
Unlisted Debt Securities - Term Finance and Sukuk Certificates	5.2	<u>51,288,643</u>	<u>5,257,250</u>
		<u>213,262,337</u>	<u>196,220,834</u>



### 5.1 Listed Equity Securities - At Fair Value through Profit or Loss - Held for Trading

Shares of listed companies are fully paid ordinary shares of Rupees 10 each unless stated otherwise.

Name of the Investee Entities	Number of Shares					Balance as at 30 June 2018			Market Value	
	As at 1 July 2017	Purchased During the Year	Bonus/ Right Issue	Sold During the Year	As at 30 June 2018	Carrying Value	Market Value	Appreciation/ (Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets
----- (Rupees) -----										
<b>MODARABAS</b>										
B.R.R Guardian Modaraba	1,104,998	-	-	310,500	794,498	7,492,116	6,943,913	(548,203)	3.26%	2.86%
<b>LEASING COMPANIES</b>										
Orix Leasing Pakistan Limited	-	42,400	-	42,400	-	-	-	-	-	-
Orix Leasing Pakistan Limited (R)	42,400	-	-	42,400	-	-	-	-	-	-
<b>INVESTMENT BANKS/INVESTMENT COMPANIES/SECURITIES COMPANIES</b>										
Dawood Equities Limited	984,500	1,000	-	6,000	979,500	5,877,586	3,624,150	(2,253,436)	1.70%	1.49%
Cyan Limited	10,000	-	-	10,000	-	-	-	-	-	-
IGI Investment Bank Limited	460,000	-	-	460,000	-	-	-	-	-	-
<b>COMMERCIAL BANKS</b>										
National Bank of Pakistan	25,000	20,000	-	45,000	-	-	-	-	-	-
Bank Alfalah Limited	-	10,000	-	-	10,000	475,035	522,900	47,865	0.25%	0.22%
Bank of Punjab	-	90,000	-	62,500	27,500	330,018	331,925	1,907	0.16%	0.14%
Habib Bank Limited	10,000	20,600	-	4,500	26,100	5,301,048	4,344,084	(956,964)	2.04%	1.79%
MCB Bank Limited	22,500	8,000	-	11,500	19,000	4,069,242	3,757,630	(311,612)	1.76%	1.55%
United Bank Limited	5,000	12,000	-	4,000	13,000	2,563,340	2,196,740	(366,600)	1.03%	0.90%
<b>INSURANCE</b>										
IGI Life Insurance Limited	263,669	500	19,806	23,100	260,875	26,497,654	20,870,000	(5,627,654)	9.79%	8.58%
IGI Holdings Limited	-	5,000	-	3,000	2,000	555,600	576,000	20,400	0.27%	0.24%
Beema Pakistan Company Limited***	35,500	-	-	-	35,500	-	-	-	-	-
<b>TEXTILE COMPOSITE</b>										
Gul Ahmed Textile Mills Limited	25,000	5,000	-	28,500	1,500	60,175	64,395	4,220	0.03%	0.03%
Nishat (Chunian) Limited	-	7,500	-	7,500	-	-	-	-	-	-
Nishat Mills Limited	5,000	23,000	-	25,000	3,000	462,045	422,760	(39,285)	0.20%	0.17%
Azgard Nine Limited (Cumulative Preference Shares) 8.95%***	1,013,863	-	-	-	1,013,863	-	-	-	-	-
<b>CEMENT</b>										
Fauji Cement Company Limited	35,000	18,500	-	35,000	18,500	575,681	422,725	(152,956)	0.20%	0.17%
Bestway Cement Limited	10,000	-	-	-	10,000	2,191,200	1,309,900	(881,300)	0.61%	0.54%
D.G Khan Cement Company Limited	5,000	25,000	-	12,000	18,000	2,613,873	2,060,820	(553,053)	0.97%	0.85%
Lucky Cement Limited	5,000	15,400	-	7,700	12,700	7,866,866	6,450,711	(1,416,155)	3.02%	2.65%
Dewan Cement Limited	30,000	-	-	30,000	-	-	-	-	-	-
Power Cement Limited	65,544	30,000	-	77,500	18,044	224,206	150,667	(73,539)	0.07%	0.06%
Maple Leaf Cement Factory Limited	-	13,500	-	13,500	-	-	-	-	-	-
Pioneer Cement Limited	-	16,000	-	16,000	-	-	-	-	-	-
<b>REFINERY</b>										
Pakistan Refinery Limited	-	2,500	-	2,500	-	-	-	-	-	-
Attock Refinery Limited	5,000	26,500	-	28,300	3,200	1,059,397	688,992	(370,405)	0.32%	0.28%
National Refinery Limited	-	1,350	-	1,350	-	-	-	-	-	-
Byco Petroleum Pakistan Limited	25,000	20,000	-	45,000	-	-	-	-	-	-
<b>POWER GENERATION AND DISTRIBUTION</b>										
K-Electric Limited**	225,000	10,000	-	35,000	200,000	1,374,043	1,136,000	(238,043)	0.53%	0.47%
Kot Addu Power Company Limited	20,000	-	-	-	20,000	1,440,400	1,078,200	(362,200)	0.51%	0.44%
Hub Power Company Limited	25,000	2,000	-	-	27,000	3,126,305	2,488,320	(637,985)	1.17%	1.02%
<b>OIL AND GAS MARKETING COMPANIES</b>										
Sui Southern Gas Company Limited	-	50,005	-	35,005	15,000	582,000	492,300	(89,700)	0.23%	0.20%
Pakistan State Oil Company Limited	5,000	12,200	1,500	9,000	9,700	3,468,389	3,087,607	(380,782)	1.45%	1.27%
Sui Northern Gas Pipelines Limited	25,000	253,301	-	245,301	33,000	3,896,319	3,307,260	(589,059)	1.55%	1.36%
Hascol Petroleum Limited	-	15,000	-	10,300	4,700	1,270,839	1,474,672	203,833	0.69%	0.61%
Hascol Petroleum Limited (R)	-	3,100	-	3,100	-	-	-	-	-	-
<b>OIL AND GAS EXPLORATION COMPANIES</b>										
Pakistan Oilfields Limited	2,500	8,900	-	6,800	4,600	2,792,072	3,090,234	298,162	1.45%	1.27%
Oil and Gas Development Company Limited	30,000	13,000	-	26,000	17,000	2,615,306	2,645,540	30,234	1.24%	1.09%
Pakistan Petroleum Limited	-	9,000	-	3,200	5,800	1,176,972	1,246,420	69,448	0.58%	0.51%
									3.27%	



Name of the Investee Entities	Number of Shares					Balance as at 30 June 2018			Market Value	
	As at 1 July 2017	Purchased During the Year	Bonus/ Right Issue	Sold During the Year	As at 30 June 2018	Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets
						(Rupees)				
<b>AUTOMOBILE ASSEMBLER</b>										
Ghandhara Nissan Limited	-	6,400	-	6,400	-	-	-	-	-	-
Al-Ghazi Tractors Limited*	1,000	-	-	1,000	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	1,000	1,200	-	500	1,700	1,011,525	668,746	(342,779)	0.31%	0.28%
Sazgar Engineering Works	-	4,000	300	4,300	-	-	-	-	-	-
									0.31%	
<b>ENGINEERING</b>										
Amreli Steels Limited	-	7,500	-	-	7,500	598,125	529,125	(69,000)	0.25%	0.22%
Crescent Steel and Allied Products Limited	2,000	400	-	300	2,100	470,533	191,457	(279,076)	0.09%	0.08%
Dost Steels Limited	50,000	65,000	-	115,000	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited	30,000	13,500	-	17,500	26,000	2,018,447	1,596,920	(421,527)	0.75%	0.66%
International Industries Limited	-	4,600	-	-	4,600	1,103,675	1,068,534	(35,141)	0.50%	0.44%
International Steels Limited	12,500	17,600	-	14,000	16,100	1,986,516	1,637,370	(349,146)	0.77%	0.67%
									2.36%	
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>										
The General Tyre and Rubber Company of Pakistan Limited	-	11,000	-	9,500	1,500	283,650	249,300	(34,350)	0.12%	0.10%
Loads Limited	50,000	19,500	5,000	19,500	55,000	2,021,421	1,714,900	(306,521)	0.80%	0.71%
									0.92%	
<b>CABLE AND ELECTRICAL GOODS</b>										
Pak Elektron Limited	-	85,200	-	54,200	31,000	1,784,802	1,099,260	(685,542)	0.52%	0.45%
Pakistan Cables Limited	500	1,000	-	800	700	201,017	130,865	(70,152)	0.06%	0.05%
Pakistan Cables Limited (R)	-	175	-	-	175	28,000	7,271	(20,729)	-	-
									0.58%	
<b>TRANSPORT</b>										
Pakistan International Bulk Terminal Limited	25,000	15,004	-	10,004	30,000	638,730	340,500	(298,230)	0.16%	0.14%
<b>TECHNOLOGY AND COMMUNICATION</b>										
TRG Pakistan Limited	-	103,000	-	103,000	-	-	-	-	-	-
Netsol Technologies Limited	-	500	-	500	-	-	-	-	-	-
Systems Limited	33,000	5,000	-	5,000	33,000	2,494,623	3,340,260	845,637	1.57%	1.37%
Callmate Telips Telecom Limited***	213,221	-	-	-	213,221	-	-	-	-	-
									1.57%	
<b>FERTILIZER</b>										
Engro Fertilizers Limited	20,000	-	-	20,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	40,000	-	-	14,000	26,000	1,113,840	1,003,600	(110,240)	0.47%	0.41%
Engro Corporation Limited	12,500	5,900	-	5,100	13,300	4,215,372	4,174,338	(41,034)	1.96%	1.72%
Fauji Fertilizer Company Limited	50,000	-	-	23,000	27,000	2,231,280	2,670,030	438,750	1.25%	1.10%
									3.68%	
<b>PHARMACEUTICALS</b>										
Otsuka Pakistan Limited	99,551	-	9,885	31,100	78,336	20,863,030	22,173,005	1,309,975	10.40%	9.12%
GlaxoSmithKline Pakistan Limited (Note 5.1.1)	94,250	1,000	-	16,100	79,150	15,576,849	13,138,900	(2,437,949)	6.16%	5.40%
Searle Pakistan Limited	2,000	4,000	800	2,500	4,300	1,534,513	1,459,850	(74,663)	0.68%	0.60%
GlaxoSmithKline Consumer Healthcare Pakistan Limited	79,455	1,300	-	29,500	51,255	10,911,797	20,760,838	9,849,041	9.73%	8.54%
									26.98%	
<b>CHEMICAL</b>										
Lotte Chemical Pakistan Limited	25,000	50,000	-	75,000	-	-	-	-	-	-
Pakistan Oxygen Limited (formerly Linde Pakistan Limited)	4,000	1,000	-	3,930	1,070	264,093	256,800	(7,293)	0.12%	0.11%
Archroma Pakistan Limited	5,000	-	-	-	5,000	3,563,950	2,525,000	(1,038,950)	1.18%	1.04%
									1.30%	
<b>LEATHER AND TANNERIES</b>										
Service Industries Limited	3,500	-	-	-	3,500	4,826,500	2,747,430	(2,079,070)	1.29%	1.13%
									1.29%	
<b>FOOD AND PERSONAL CARE PRODUCTS</b>										
Treet Corporation Limited	10,000	-	-	10,000	-	-	-	-	-	-
Engro Foods Limited	14,000	4,500	-	3,000	15,500	1,768,367	1,380,430	(387,937)	0.65%	0.57%
Al Shabheer Corporation Limited	25,000	-	-	25,000	-	-	-	-	-	-
Fauji Foods Limited	5,500	86,000	-	29,000	62,500	1,524,860	2,017,500	492,640	0.95%	0.83%
Fauji Foods Limited (R)	-	50,000	-	50,000	-	-	-	-	-	-
									1.59%	
<b>MISCELLANEOUS</b>										
Synthetic Products Limited	7,000	-	-	1,000	6,000	452,700	306,600	(146,100)	0.14%	0.13%
									0.14%	
<b>Total as at 30 June 2018</b>						<b>173,445,942</b>	<b>161,973,694</b>	<b>(11,472,248)</b>		



Name of the investee company	Number of Shares				Balance as at 30 June 2017			Market Value		
	As at 1 July 2016	Purchased during the Year	Bonus/Right Issued	Sold during the Year	As at 30 June 2017	Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets
	(Units)				(Rupees)					
<b>TRANSPORT</b>										
Pakistan International Bulk Terminal Limited	60,000	75,000	-	110,000	25,000	715,360	579,000	(136,360)	0.30%	0.24%
Pakistan National Shipping Corporation	-	2,500	-	2,500	-	-	-	-	-	-
Pakistan International Airlines Corporation Limited	-	125,000	-	125,000	-	-	-	-	-	-
									0.30%	
<b>INSURANCE</b>										
IGI Life Insurance Limited	817,121	49,759	73,289	676,500	263,669	13,613,035	28,929,763	15,316,728	14.74%	11.90%
Adamjee Insurance Company Limited	-	84,000	-	84,000	-	-	-	-	-	-
IGI Insurance Limited	-	5,000	-	5,000	-	-	-	-	-	-
Beema Pakistan Company Limited	35,500	-	-	-	35,500	-	-	-	-	-
									14.74%	
<b>PHARMACEUTICALS</b>										
Otsuka Pakistan Limited	157,451	-	-	57,900	99,551	7,537,006	29,164,461	21,627,455	14.86%	12.00%
GlaxoSmithKline Pakistan Limited	190,750	-	-	96,500	94,250	19,520,118	18,559,710	(960,408)	9.46%	7.63%
Searle Pakistan Limited	2,500	21,500	500	22,500	2,000	1,246,757	1,023,960	(222,797)	0.52%	0.42%
Highnoon Laboratories Limited	-	6,000	-	6,000	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Pakistan Limited	86,955	2,500	-	10,000	79,455	649,700	16,606,890	15,957,190	8.46%	6.83%
									33.31%	
<b>COMMERCIAL BANKS</b>										
Faysal Bank Limited	-	172,500	-	172,500	-	-	-	-	-	-
Bank of Punjab	-	100,000	-	100,000	-	-	-	-	-	-
National Bank of Pakistan	-	70,000	-	45,000	25,000	1,954,400	1,475,250	(479,150)	0.75%	0.61%
Habib Bank Limited	-	21,000	-	11,000	10,000	2,747,844	2,691,400	(56,444)	1.37%	1.11%
Bank Alfalah Limited	-	25,000	-	25,000	-	-	-	-	-	-
MCB Bank Limited	-	51,000	-	28,500	22,500	5,361,472	4,734,675	(626,797)	2.41%	1.95%
United Bank Limited	-	22,000	-	17,000	5,000	1,177,111	1,177,600	489	0.60%	0.48%
Askari Bank Limited	-	25,000	-	25,000	-	-	-	-	-	-
JS Bank Limited	-	25,000	-	25,000	-	-	-	-	-	-
									5.14%	
<b>CABLE AND ELECTRICAL GOODS</b>										
Pak Elektron Limited	20,000	150,000	-	170,000	-	-	-	-	-	-
Pakistan Cables Limited	-	4,800	-	4,300	500	184,723	160,000	(24,723)	0.08%	0.07%
TPL Trakker Limited	-	25,000	-	25,000	-	-	-	-	-	-
									0.08%	
<b>CEMENT</b>										
Thatta Cement Company Limited	-	70,000	-	70,000	-	-	-	-	-	-
Cherat Cement Company Limited	-	12,500	-	12,500	-	-	-	-	-	-
Fauji Cement Company Limited	50,000	60,000	-	75,000	35,000	1,639,600	1,436,050	(203,550)	0.73%	0.59%
Fecto Cement Limited	-	1,000	-	1,000	-	-	-	-	-	-
Bestway Cement Limited	-	10,000	-	-	10,000	2,533,500	2,191,200	(342,300)	1.12%	0.90%
D.G. Khan Cement Company Limited	-	92,500	-	87,500	5,000	1,172,497	1,065,800	(106,697)	0.54%	0.44%
Lucky Cement Limited	-	16,600	-	11,600	5,000	4,642,847	4,181,300	(461,547)	2.13%	1.72%
Devan Cement Limited	-	180,000	-	150,000	30,000	1,076,720	605,400	(471,320)	0.31%	0.25%
Flying Cement Company Limited	-	25,000	-	25,000	-	-	-	-	-	-
Power Cement Limited	-	135,000	65,544	135,000	65,544	823,804	876,979	53,175	0.45%	0.36%
Pakcem Limited	-	100,000	-	100,000	-	-	-	-	-	-
									5.28%	
<b>GLASS AND CERAMICS</b>										
Ghani Glass Limited	-	5,000	-	5,000	-	-	-	-	-	-
Shabir Tiles and Ceramics Limited	-	75,000	-	75,000	-	-	-	-	-	-
Tariq Glass Industries Limited	-	5,000	-	5,000	-	-	-	-	-	-
Ghani Global Glass Limited	-	100,000	-	100,000	-	-	-	-	-	-
									-	-
<b>FERTILIZER</b>										
Engro Fertilizers Limited	15,500	30,000	-	25,500	20,000	1,345,618	1,104,800	(240,818)	0.56%	0.45%
Fauji Fertilizer Bin Qasim Limited	-	105,000	-	65,000	40,000	2,129,460	1,713,600	(415,860)	0.87%	0.70%
Engro Corporation Limited	-	56,300	-	43,800	12,500	4,621,734	4,073,875	(547,859)	2.08%	1.68%
Fauji Fertilizer Company Limited	-	90,000	-	40,000	50,000	5,220,110	4,132,000	(1,088,110)	2.11%	1.70%
									5.62%	
<b>TEXTILE COMPOSITE</b>										
Gul Ahmed Textile Mills Limited	-	60,000	25,000	60,000	25,000	-	1,024,500	1,024,500	0.52%	0.42%
Sapphire Textile Mills Limited	2,600	-	-	2,600	-	-	-	-	-	-
Nishat Mills Limited	5,000	202,900	-	202,900	5,000	842,955	793,400	(49,555)	0.40%	0.33%
Nishat (Chunian) Limited	-	216,000	-	216,000	-	-	-	-	-	-
Azgard Nine Limited (Cumulative Preference Shares) 8.95%	1,013,863	-	-	-	1,013,863	-	-	-	-	-
									0.93%	
<b>LEASING COMPANIES</b>										
Orix Leasing Pakistan Limited	-	25,000	-	25,000	-	-	-	-	-	-
Orix Leasing Pakistan Limited (R)	-	-	42,400	-	42,400	-	122,960	122,960	0.06%	0.05%
									0.06%	
<b>OIL AND GAS EXPLORATION COMPANIES</b>										
Pakistan Oilfields Limited	-	7,500	-	5,000	2,500	1,190,711	1,145,375	(45,336)	0.58%	0.47%
Pakistan Petroleum Limited	-	25,000	-	25,000	-	-	-	-	-	-
Oil and Gas Development Company Limited	-	85,000	-	55,000	30,000	5,212,309	4,220,700	(991,609)	2.15%	1.74%
									2.73%	



Name of the investee company	Number of Shares				Balance as at 30 June 2017			Market Value		
	As at 1 July 2016	Purchased during the Year	Bonus/Right Issued	Sold during the Year	As at 30 June 2017	Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets
	(Units)				(Rupees)					
<b>OIL AND GAS MARKETING COMPANIES</b>										
Sui Southern Gas Company Limited	-	439,500	-	439,500	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	25,000	-	20,000	5,000	2,230,291	1,936,750	(293,541)	0.99%	0.80%
Attock Petroleum Limited	-	3,000	-	3,000	-	-	-	-	-	-
Shell Pakistan Limited	-	14,300	-	14,300	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	25,000	475,500	-	475,500	25,000	3,831,444	3,723,000	(108,444)	1.90%	1.53%
Hascol Petroleum Limited	-	19,500	-	19,500	-	-	-	-	-	-
Hi-Tech Lubricants Limited	-	20,000	-	20,000	-	-	-	-	-	-
									2.88%	
<b>TECHNOLOGY AND COMMUNICATION</b>										
TRG Pakistan Limited	50,000	205,000	-	255,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	135,000	-	135,000	-	-	-	-	-	-
Systems Limited	-	88,500	-	55,500	33,000	2,808,623	2,502,720	(305,903)	1.28%	1.03%
Callmate Telips Telecom Limited	213,221	-	-	-	213,221	-	-	-	-	-
Avanceon Limited	-	25,000	-	25,000	-	-	-	-	-	-
									1.28%	
<b>CLOSED-END MUTUAL FUND</b>										
PICIC Growth Fund	-	5,000	-	5,000	-	-	-	-	-	-
<b>FOOD AND PERSONAL CARE PRODUCTS</b>										
Treet Corporation Limited	-	45,000	-	35,000	10,000	762,000	568,800	(193,200)	0.29%	0.23%
Engro Foods Limited	-	35,900	-	21,900	14,000	2,260,970	1,700,860	(560,110)	0.87%	0.70%
Al-Shaheer Corporation Limited	-	87,500	-	62,500	25,000	1,238,700	1,002,750	(235,950)	0.51%	0.41%
Fauji Foods Limited	-	27,500	-	22,000	5,500	545,645	414,040	(131,605)	0.21%	0.17%
									1.88%	
<b>REFINERY</b>										
Pakistan Refinery Limited	10,000	45,500	-	55,500	-	-	-	-	-	-
Attock Refinery Limited	5,000	84,300	-	84,300	5,000	2,092,500	1,912,900	(179,600)	0.97%	0.79%
National Refinery Limited	-	6,500	-	6,500	-	-	-	-	-	-
Byeco Petroleum Pakistan Limited	35,000	285,000	-	295,000	25,000	559,957	477,500	(82,457)	0.24%	0.20%
									1.22%	
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>										
Agriauto Industries Limited	-	1,300	-	1,300	-	-	-	-	-	-
The General Tyre and Rubber Company of Pakistan Limited	2,500	29,000	-	31,500	-	-	-	-	-	-
Loads Limited	-	220,000	-	170,000	50,000	2,856,535	2,073,500	(783,035)	1.06%	0.85%
									1.06%	
<b>AUTOMOBILE ASSEMBLER</b>										
Ghandhara Nissan Limited	-	48,000	-	48,000	-	-	-	-	-	-
Ghandhara Industries Limited	-	3,500	-	3,500	-	-	-	-	-	-
Millat Tractors Limited	-	12,500	-	12,500	-	-	-	-	-	-
Al-Ghazi Tractors Limited	-	9,000	-	8,000	1,000	643,117	643,880	763	0.33%	0.26%
Honda Atlas Cars (Pakistan) Limited	-	7,000	-	7,000	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	16,400	-	15,400	1,000	751,242	780,360	29,118	0.40%	0.32%
									0.73%	
<b>ENGINEERING</b>										
Crescent Steel and Allied Products Limited	10,000	51,000	-	59,000	2,000	444,088	477,140	33,052	0.24%	0.20%
International Industries Limited	-	18,500	-	18,500	-	-	-	-	-	-
Bolan Castings Limited	-	3,000	-	3,000	-	-	-	-	-	-
Dust Steels Limited	-	125,000	-	75,000	50,000	744,765	551,000	(193,765)	0.28%	0.23%
Mughal Iron and Steel Industries Limited	15,000	72,500	30,000	87,500	30,000	1,462,500	2,421,900	959,400	1.23%	1.00%
International Steels Limited	-	67,500	-	55,000	12,500	1,746,339	1,598,625	(147,714)	0.81%	0.66%
Aisha Steel Limited	-	25,000	-	25,000	-	-	-	-	-	-
Amreli Steels Limited	-	37,500	-	37,500	-	-	-	-	-	-
									2.57%	
<b>LEATHER AND TANNERIES</b>										
Service Industries Limited	-	4,120	-	620	3,500	4,625,202	4,826,500	201,298	2.46%	1.99%
									2.46%	
<b>CHEMICAL</b>										
ICI Pakistan Limited	5,000	5,000	-	10,000	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	-	25,000	-	25,000	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	135,000	-	110,000	25,000	272,000	246,250	(25,750)	0.13%	0.10%
Akzo Nobel Pakistan Limited	-	24,000	-	24,000	-	-	-	-	-	-
Linde Pakistan Limited	-	6,500	-	2,500	4,000	1,240,140	964,080	(276,060)	0.49%	0.40%
Ghani Gases Limited	-	15,000	-	15,000	-	-	-	-	-	-
Archroma Pakistan Limited	-	5,000	-	-	5,000	3,940,254	3,563,950	(376,304)	1.82%	1.47%
									2.43%	
<b>POWER GENERATION AND DISTRIBUTION</b>										
K-Electric Limited	450,000	300,000	-	525,000	225,000	2,004,199	1,552,500	(451,699)	0.79%	0.64%
Kor Adu Power Company Limited	-	20,000	-	20,000	-	1,675,985	1,440,400	(235,585)	0.73%	0.59%
Hub Power Company Limited	-	27,100	-	2,100	25,000	3,448,689	2,935,750	(512,939)	1.50%	1.21%
									3.02%	
<b>WOOLLEN</b>										
Bannu Woollen Mills Limited	-	15,000	-	15,000	-	-	-	-	-	-
									-	
<b>INVESTMENT BANKS/INVESTMENT COMPANIES/SECURITIES COMPANIES</b>										
Dawood Equities Limited	984,500	-	-	-	984,500	2,953,500	5,907,000	2,953,500	3.01%	2.43%
Cyan Limited	-	10,000	-	-	10,000	784,700	613,300	(171,400)	0.31%	0.25%
IGI Investment Bank Limited	-	460,000	-	-	460,000	1,508,310	1,389,200	(119,110)	0.71%	0.57%
									4.03%	
<b>MODARABAS</b>										
B.R.R Guardian Modaraba	1,104,998	-	-	-	1,104,998	7,679,736	10,420,131	2,740,395	5.31%	4.29%
									5.31%	
<b>MISCELLANEOUS</b>										
Siddiqsons Tin Plate Limited	-	25,000	-	25,000	-	-	-	-	-	-



Name of the investee company	Number of Shares				Balance as at 30 June 2017			Market Value		
	As at 1 July 2016	Purchased during the Year	Bonus/Right Issued	Sold during the Year	As at 30 June 2017	Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets
	(Units)				(Rupees)					
Synthetic Products Limited	-	10,000	-	3,000	7,000	516,250	528,150	11,900	0.27%	0.00%
Pace (Pakistan) Limited	-	75,000	-	75,000	-	-	-	-	-	-
<b>30 June 2017</b>						<b>142,787,072</b>	<b>190,963,584</b>	<b>48,176,512</b>	<b>0.27%</b>	

\* Each having face value of Rupees 5 per share

\*\* Each having face value of Rupees 3.5 per share

\*\*\* The securities are marked as non-trading at Pakistan Stock Exchange Limited. Accordingly the investment is carried at nil value in the books of the Fund.

- 5.1.1 Investments as at 30 June 2018 include 75,000 (30 June 2017: 75,000) shares of GlaxoSmithKline Pakistan Limited with market value of Rupees. 12.450 Million (2017: Rupees 14.769 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

Name of Investee Company	Note	Number of Certificates				Balance as at 30 June 2018			Market Value	
		As at 1 July 2017	Purchased During the Year	Sold/Matured/Settled During the Year	As at 30 June 2018	Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investment	As a Percentage of Net Assets
(Units)										
(Rupees)										
<b>Term Finance Certificates</b>										
<b>Cable and Electrical Goods</b>										
New Allied Electronics Industries* (Private) Limited	5.2.1	3,417	-	-	3,417	7,222,749	-	-	-	-
<b>Commercial Bank</b>										
Silk Bank Limited	5.2.2	-	5,000	-	5,000	24,997,500	22,110,639	(2,886,861)	10.37%	9.09%
<b>Sukuk Certificates</b>										
<b>Textile</b>										
Amtext Limited*	5.2.3	6,000	-	-	6,000	22,500,000	-	-	-	-
<b>Cable and Electrical Goods</b>										
TPL Corporation Limited**	5.2.4	5	-	-	5	5,257,250	5,162,500	(94,750)	2.42%	2.12%
<b>Fertilizers</b>										
Dawood Hercules Corporation Limited***	5.2.5	-	240	-	240	24,000,000	24,015,504	15,504	11.26%	9.88%
<b>30 June 2018</b>						<b>51,757,250</b>	<b>29,178,004</b>	<b>(79,246)</b>		
						<b>83,977,499</b>	<b>51,288,643</b>	<b>(2,966,107)</b>		

Name of Investee Company	As at 1 July 2016	Number of Certificates			As at 30 June 2017	Balance as at 30 June 2017			Market Value	
		Purchased During the Year	Sold/Matured/Settled During the Year	As at 30 June 2017		Carrying Value	Market Value	Appreciation/(Diminution)	As a Percentage of Total Investment	As a Percentage of Net Assets
(Units)										
(Rupees)										
<b>Term Finance Certificates</b>										
<b>Cable and Electrical Goods</b>										
New Allied Electronics Industries (Private) Limited*		3,417	-	-	3,417	7,222,749	-	-	-	-
<b>Sukuk Certificates</b>										
<b>Textile</b>										
Amtext Limited*		6,000	-	-	6,000	22,500,000	-	-	-	-
<b>Cable and Electrical Goods</b>										
TPL Corporation Limited**		5	-	-	5	5,000,000	5,257,250	257,250	2.68%	1.81%
<b>30 June 2017</b>						<b>27,500,000</b>	<b>5,257,250</b>	<b>257,250</b>		
						<b>34,722,749</b>	<b>5,257,250</b>	<b>257,250</b>		

\*These TFCs and Sukuk certificates are non performing and are fully provided (note: 5.2.1 and 5.2.2), therefore these are not subject to mark to market.

\*\*Each having face value of Rupees 1,000,000 per certificate.

\*\*\*Each having face value of Rupees 100,000 per certificate.

- 5.2.1 New Allied Electronics Industries (Private) Limited defaulted on its payment of principal and mark-up due on 25 December 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual of income on the same was suspended. This security has been fully provided in accordance with the provisioning circulars issued by the SECP and the Board's approved provisioning policy.

- 5.2.2 These Sukuk certificates carry profit equal to 6 month KIBOR plus 1.85% receivable half-yearly in arrears and will mature in August 2025. The Instrument is structured to redeem 0.14% of the Issue Amount during the first 7 years and remaining 99.86% in last two (2) equal semi-annual installments of 49.93% each. The instrument is unsecured and subordinated as to payment of Principal and Profit to all other indebtedness of the Bank, including deposits.



5.2.3 Amtex Limited (Sukuk) defaulted on its payment of principal and mark-up due on 22 December 2010. Consequently, the security was classified as non-performing by MUFAP on 6 January 2011 and accrual of income on the same was suspended. Accordingly, the security has been fully provided in accordance with the provisioning circulars issued by the SECP and the Board's approved provisioning policy.

5.2.4 These certificates carry profit equal to 1 year KIBOR plus 3% receivable quarterly in arrears and will mature in April 2021. The principal amount is redeemable in four six monthly instalments of Rupees 0.25 million per certificate each commencing from October 2019. These Sukuk certificates are secured by hypothecation charge over the hypothecated assets of Rupees 625 million and pledge of shares of TPL Properties Limited in favour of the Trustee of the issuer for the benefit of the certificate holders.

5.2.5 These sukuk certificates carry profit equal to 3 month KIBOR plus 1% receivable quarterly in arrears and will mature in February 2023. The instrument is structured to redeem 60% of the Issue Amount during the first 4 years and remaining 40% in last two (2) equal semi-annual installments of 20% each. The instrument is secured against pledge of shares of Engro Corporation Limited, inclusive of 50% margin, in a designated CDC account. In the event of any sale and repurchase of security, the Trustee will have a lien over subsequent cash, which is to be deposited in a specified bank account and further, Floating or Hypothecation charge on all present and future assets of the Company inclusive of 25% margin Security.

### 5.3 Details of non-compliant investment with the investment criteria as specified by Securities and Exchange Commission of Pakistan

In accordance with Clause (v) of the investment criteria laid down for 'Balanced Scheme' in Circular no. 7 of 2009 issued by the SECP, the Fund is required to invest in any security having rating not lower than 'A-'. However, as at 30 June 2018, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investment as enumerated below:

Name of Non-Compliant Investment	Type of Investment	As at 30 June 2018			% of Net Assets	% of Gross Assets
		Value Before Provision	Provision Made	Value after Provision		
----- (Rupees) -----						
New Allied Electronics Industries (Private) Limited	TFC	7,222,749	7,222,749	-	-	-
Amtex Limited	Sukuk	22,500,000	22,500,000	-	-	-

### 6 DEPOSITS

	2018 Rupees	2017 Rupees
Central Depository Company Pakistan Limited	50,000	50,000
National Clearing Company Pakistan Limited	3,500,000	4,500,000
	<b>3,550,000</b>	<b>4,550,000</b>

### 7 DIVIDENDS AND OTHER RECEIVABLE

	2018 Rupees	2017 Rupees
Dividend Receivable	49,000	342,250
Profit on Saving Accounts	152,008	361,986
Profit Receivable on Term Finance and Sukuk Certificates	1,065,735	
Receivable from National Clearing Company Pakistan Limited	2,233,832	-
	<b>3,500,575</b>	<b>806,828</b>

### 8 PAYABLE TO 786 INVESTMENT LIMITED - MANAGEMENT COMPANY

	Note	2018 Rupees	2017 Rupees
On Account of			
Remuneration Payable	8.1	403,213	492,957
Sindh Sales Tax Payable	8.2	672,957	684,624
Accounting and Operations Charges	8.3	259,124	589,511
		<b>1,335,294</b>	<b>1,767,092</b>

8.1 Under NBFC Regulation 61, Management Company is entitled to receive a remuneration at the rate not exceeding 2% of the average annual net assets of the Fund. Management Company has charged its remuneration at the rate of 2% per annum of the average annual net assets of the Fund. The fee is payable to Management Company on monthly basis in arrears.



8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

8.3 In accordance with the provisions of the NBFC Regulations, 2008 as amended vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

**9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

	Note	2018 Rupees	2017 Rupees
Trustee Remuneration Payable	9.1	57,533	116,997
Sindh Sales Tax Payable on Trustee Remuneration	9.2	7,489	15,210
		<u>65,022</u>	<u>132,207</u>

9.1 In accordance with the provision of the Trust Deed, the remuneration is paid to the Trustee on monthly basis in arrears.

The following tariff structure relating to Trustee fee is applicable based on net assets of the Fund:

Amount of Funds under Management (Average Net Assets Value)	Tariff per Annum
Up to Rupees. 1 Billion	Rupees 0.7 million or 0.20% per annum of net assets, whichever is higher.
Over Rupees. 1 Billion	Rupees 2 million or 0.10% per annum of net assets on amount exceeding Rupees 1 billion.

9.2 A notification (SRB-3-4/TP/01/2015/86554 dated 13 June 2015) was issued by Sindh Revenue Board (SRB), which introduced amendments in Sindh Sales Tax on Services Act, 2011. As a result of these amendments, the Fund recognised sales tax on trustee fee at the rate of 13% (30 June 2017: 13%).

**10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - ANNUAL FEE**

This represents annual fee payable to SECP in accordance with the regulation 62 of the NBFC Regulations, 2008 whereby the Fund is required to pay SECP an amount equal to 0.085% of the average daily net assets.

	Note	2018 Rupees	2017 Rupees
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Federal Excise Duty on Remuneration	11.1	4,240,850	4,240,850
Auditors' Remuneration		375,281	381,000
Securities' Transaction Cost Payable		441,421	531,449
Payable to National Clearing Company Pakistan Limited		-	114,410
Other Payables		635,060	820,712
Provision for Sindh Workers' Welfare Fund	11.2	2,176,440	2,176,440
Withholding Tax and Zakat Payable	11.3	83,946	3,123,228
		<u>7,952,998</u>	<u>11,388,089</u>

11.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax levied by 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 4 September 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

The SHC while disposing the Constitutional Petition relating to levy of FED on mutual funds has declared the said provisions to be ultra vires and as a result no FED is payable with effect from 1 July 2011 (i.e. the date on which Sindh Sales Tax on Services Act, 2011 came into force). In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan. Thereafter, during the pendency of the present civil petition, the Supreme Court has suspended the operation of the impugned judgement of the SHC. The matter is still pending adjudication. With effect from 1 July 2016, FED on services provided or rendered on 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 Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision made for FED for the period from 13 June 2013 till 30 June 2016 aggregating to Rupees 4.240 million (June 30, 2017: Rupees 4.240 million) is being retained in financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision of FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at 30 June 2018 would have been higher by Rupee 0.39 per unit (30 June 2017: Rupee 0.34 per unit).

11.2 The Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after 31 December 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, therefore SWWF is applicable on mutual funds. MUFAP has taken up this matter before the Sindh Finance Ministry to exclude mutual funds from SWWF Act, 2014.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. 21 May 2015. Accordingly, on 12 January 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from 21 May 2015, while the efforts to exclude mutual funds from SWWF continue. The Management Company has recognised SWWF charge for the period from 21 May 2015 to 30 June 2018, amounting to Rupees. 2.176 million (30 June 2017: Rupees. 2.176 million). Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rupee 0.20 (30 June 2017: Rupee 0.17).

11.3 This represents tax and zakat deducted at source from dividend payable and re-invested units issued to unit holders of the Fund following the distribution of income.

## 12 NUMBER OF UNITS IN ISSUE

	2018 Numbers	2017 Numbers
Total Outstanding as of July 01	12,609,674	25,860,173
Issued during the Year	337,238	1,629,072
Redemption during the Year	<u>(2,082,811)</u>	<u>(14,879,571)</u>
Total Outstanding as of June 30	<u>10,864,101</u>	<u>12,609,674</u>

## 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2018 (30 June 2017: Nil).

## 14 AUDITOR'S REMUNERATION

	2018 Rupees	2017 Rupees
Annual Audit Fee	250,000	250,000
Half Yearly Review	90,000	90,000
Review of Code of Corporate Governance	-	50,000
Certification Fee	25,000	25,000
Out of Pocket Expenses	89,000	39,000
	<u>454,000</u>	<u>454,000</u>
Sales Tax	36,320	33,200
	<u>490,320</u>	<u>487,200</u>

## 15 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 amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be 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 other than capital gains to the 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.



## 16 EARNINGS PER UNIT

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

## 17 TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016 required that Collective Investment Scheme (CIS) to disclose Total Expense Ratio (TER) in the periodic financial statements of the Fund. TER of the Fund for the year ended 30 June 2018 is 4.20% which includes 1.25% representing government levy and SECP fee. The ratio is within the maximum limit of 4% prescribed under the NBFC Regulation 2008 for a collective investment scheme categorised as balanced fund.

## 18 TRANSACTIONS WITH CONNECTED PERSONS

Related parties/connected persons of the Fund include 786 Investments Limited, being management company, other collective investment schemes managed by Management Company, Central Depository Company of Pakistan Limited (CDC), being the trustee of the Fund, Directors and officers of the Management Company, other associated undertakings and unit holders holding more than 10 % units in the Fund or any of their connected person.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The transactions with related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Details of transactions with related parties and balances with them at the year end are as follows:

	2018 Rupees	2017 Rupees
<b>18.1 Details of Transactions with Connected Person/Related Parties are as Follows:</b>		
<b>786 Investments Limited - Management Company</b>		
Remuneration (Including Indirect Taxes)	5,858,448	6,577,658
Accounting and Operations Charges	259,118	291,011
Issue of Nil Units (2017: 503,354 Units)	-	9,995,968
Redemption of 1,238,098 Units (2017: Nil Units)	27,500,000	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration (Including Indirect Taxes)	791,000	792,726
<b>B.R.R Guardian Modaraba - Connected Person due to Holding 10% or More</b>		
Issue of Nil Units (2017: 35,010 Units)	-	695,736
<b>Directors and Executives of the Management Company</b>		
Issue of 50,059 Units (30 June 2017: 654,391 Units)	1,127,108	11,504,517
Redemption of Nil Units (30 June 2017: 654,067 Units)	-	11,746,714
<b>Other Connected Persons/Related Parties</b>		
Issue of 165,250 Units (2017: 3,995 Units)	3,850,634	79,382



	2018 Rupees	2017 Rupees
<b>18.2 Amounts Outstanding as at Year End</b>		
<b>786 Investments Limited - Management Company</b>		
Remuneration Payable	<u>1,335,294</u>	<u>1,767,092</u>
Units Held 8,069,728 (30 June 2017: 9,307,825 Units)	<u>180,584,362</u>	<u>214,839,615</u>
<b>Central Depository Company Of Pakistan Limited-Trustee</b>		
Remuneration Payable	<u>65,022</u>	<u>132,207</u>
<b>B.R.R Guardian Modaraba - Connected Person due to Holding 10% or More</b>		
Units Held 492,349 (June 2017: 492,349 Units)	<u>11,017,776</u>	<u>11,364,198</u>
<b>Directors and Executives of the Management Company</b>		
Units Held 63,806 (June 2017: 13,747 Units)	<u>1,427,852</u>	<u>317,307</u>
<b>Other Connected Persons/Related Parties</b>		
Units Held 227,348 (June 2017: 62,098 Units)	<u>5,087,591</u>	<u>1,433,324</u>

## 19 FINANCIAL RISK MANAGEMENT

The Board of Directors of Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund primarily invest into equity market ranging from 30% to 70% of its net assets. It also invests in fixed income securities, government securities and money market instruments so as to increase over all return of the investor.

The Fund's activities expose it to a variety of financial risks which are:

### 19.1 Market Risk

Market risk is the risk that the fair values or future cash flows of the financial instruments will fluctuate as a result of changes in market prices, such as interest rates, equity prices and foreign exchange rates. The objective of market risk management is to manage market risk exposure within acceptable parameters, while optimising the return.

The Management Company manages market risk by monitoring exposure on marketable securities by following the restrictions specified in applicable regulations and directives, if any issued by the Securities and Exchange Commission of Pakistan (SECP).

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

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

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and liabilities at the reporting date.

#### 19.1.2 Other Price Risk

Other price risk represents 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 instrument traded in the market. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the parameters provided in its Constitutive Document and Circulars issued by the Securities and Exchange Commission of Pakistan. As per Circular 07 of 2009, Balanced Fund is allowed to invest in listed equity securities ranging between 30% to 70% of its net assets at all times. As at 30 June 2018, the Fund is expecting minimal price fluctuation on its investment in debt securities for change in factors other than those arising from interest rate or currency risk.



### Sensitivity Analysis

A 5% increase/decrease in share prices of respective equity securities at year end would have increased/decreased surplus on re-measurement of investments by Rupees. 8,099 million (2017: Rupees. 9,548 million) reported in income statement with corresponding effect on net assets of the Fund. This represents management's best estimate of reasonable possible shift in the respective price of equity instruments.

The composition of the Fund's investment portfolio and the correlation thereof to the quoted equity price, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of quoted prices of respective investment at reporting date.

### 19.13 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund holds fixed as well as floating rate debt securities that exposes the Fund to cash flow and fair value interest rate risk due to fluctuation in prevailing levels of market interest rate.

As at 30 June 2018, the investment in debt securities exposed to interest rate risk is detailed in note 5.2 to these financial statements.

#### Sensitive Analysis

##### Cash Flow Interest Rate risk

The fund's interest rate risk arises from the balance in saving accounts and investment in debt securities At 30 June 2018. If there had been increase/decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher/lower by Rupees 0.841 million (30 June 2017: Rupees 1.093 million) mainly as a result of finance income.

The composition of the Fund's investment portfolio and KIBOR rates is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

##### Fair Value Interest Rate Risk

Since the Fund does not have investment in fixed rate security, therefore, 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 financial instruments is based on the settlement date.

	30 June 2018					
	Effective Yield/Interest Rate	Exposed to Yield/Interest Rate Risk			Not Exposed to Yield/Interest Rate Risk	Total
		upto Three Months	More than Three Months and Upto One Year	More than One Year		
.....Rupees.....						
<b>On-Balance Sheet Financial Instruments</b>						
<b>Financial Assets</b>						
Bank Balances	2.48% to 6.2%	32,823,960	-	-	32,823,960	
Investment-'at Fair Value through Profit or Loss'	Kibor+3%,6 month Kibor+1.85% and 3 months Kibor +1%	24,015,504	22,110,639	5,162,500	213,262,337	
Dividends and Other Receivable		-	-	-	3,500,575	
Deposits		-	-	-	3,550,000	
		56,839,464	22,110,639	5,162,500	169,024,269	
<b>Financial Liabilities</b>						
Payable to 786 Investments Ltd.- Management Company		-	-	-	1,335,294	
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	-	65,022	
Accrued Expenses and Other Liabilities		-	-	-	1,451,762	
Unclaimed Dividend		-	-	-	446,440	
Dividend Payable		-	-	-	-	
		-	-	-	3,298,518	
<b>On-Balance Sheet Gap</b>		56,839,464	22,110,639	5,162,500	165,725,751	
<b>Off-Balance Sheet Financial Instruments</b>		-	-	-	-	
<b>Off-Balance Sheet Gap</b>		-	-	-	-	
<b>Total Interest Rate Sensitivity Gap</b>		56,839,464	22,110,639	5,162,500		
<b>Cumulative Interest rate Sensitivity Gap</b>		56,839,464	78,950,103	84,112,603		



30 June 2017

Effective yield/Interest rate	Exposed to yield/Interest rate risk			Not exposed to yield/interest rate risk	Total
	upto three months	More than three months and upto one year	More than one year		
.....Rupees.....					
<b>On-Balance Sheet Financial Instruments</b>					
<b>Financial Assets</b>					
Bank Balances	3.25% to 6.2% Kibor+3%	104,074,858	-	-	104,074,858
Investment-'at Fair Value through Profit or Loss'		-	-	5,257,250	196,220,834
Dividends and Other Receivable		-	-	806,828	806,828
Deposits		-	-	4,550,000	4,550,000
		104,074,858	-	196,320,412	305,652,520
<b>Financial Liabilities</b>					
Payable to 786 Investments Ltd.- Management company		-	-	1,767,092	1,767,092
Payable to Central Depository Company of Pakistan Limited (CDC)-Trustee		-	-	132,207	132,207
Accrued Expenses and Other Liabilities		-	-	1,847,571	1,847,571
Dividend Payable		-	-	2,491,056	2,491,056
Unclaimed Dividend		-	-	446,440	446,440
		-	-	6,684,366	6,684,366
<b>On-Balance Sheet Gap</b>		104,074,858	-	189,636,046	298,968,154
<b>Off-Balance Sheet Financial Instruments</b>		-	-	-	-
<b>Off-Balance Sheet Gap</b>		-	-	-	-
<b>Total Interest Rate Sensitivity Gap</b>		104,074,858	-	5,257,250	
<b>Cumulative Interest Rate Sensitivity Gap</b>		104,074,858	104,074,858	109,332,108	

## 19.2 Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of investment debt securities, profit receivables on debt securities, profit receivable on saving account, dividend receivable on equity securities.

The maximum exposure to credit risk at as 30 June 2018 along with comparative is tabulated below:

	2018 Rupees	2017 Rupees
<b>Financial Assets Exposed to Credit Risk</b>		
Bank Balances	32,823,960	104,074,858
Investments	213,262,337	196,220,834
Dividend and Other Receivables	3,500,575	806,828
Deposits	3,550,000	4,550,000
	<b>253,136,872</b>	<b>305,652,520</b>

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the sukuk, however, pledge security to the investment agent in trust for the benefit of sukuk holders.

Due to the Fund's long standing business relationships with these counterparties and after giving due consideration on their strong financial standing, the fund does not expect non-performance by these counter parties on their obligations to the fund except for disclosed in note 5.2.

Credit Rating wise analysis of balance with bank of the Fund are tabulated below:

Banks	Short Term	Rating		Agency	2018	2017
		Long Term			Rupees	Rupees
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,455,699	103,504,951	
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	47,229	558,623	
MCB Bank Limited	A1+	AAA	PACRA	22,063	11,284	
Bank Islami Pakistan Limited	A1+	AA+	PACRA	30,298,969	-	
				<b>32,823,960</b>	<b>104,074,858</b>	



Credit Rating wise analysis of investment in debt securities of the Fund are tabulated below:

	Rating Grade	Agency	2018 Rupees	2017 Rupees
TPL Corporation Limited	A+	PACRA	5,162,500	5,257,250
Silk Bank Limited	A-	JCR-VIS	22,110,639	-
Dawood Hercules Corporation Limited	AA	PACRA	24,015,504	-
			<b>51,288,643</b>	<b>5,257,250</b>

Fund has made investment in SUKUK and TFCs certificates of TPL Corporation Limited, Silk Bank Limited and Dawood Hercules Corporation Limited having good credit standing. Currently the instruments are rated A+, A- and AA hence, management does not anticipate impairment there against. The Fund had also invested in certain instruments which are subsequently classified as non-performing by MUFAP as disclosed in Note 5.2 to these financial statements. The Fund holds 100% provision against its exposure as more detailed in that note.

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

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

Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. Credit risk on dividend receivable is minimal due to statutory protection. Further, all transactions in securities are executed through approved brokers and in case of equity, transactions settled through National Clearing Company of Pakistan (NCCPL), thus the risk of default is considered to be minimal. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy for the Fund, the Fund manager monitors the credit position on a daily basis which is reviewed by the Board of Directors on a quarterly basis.

#### Concentration of Credit Risk

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

None of the financial assets and financial liabilities are offset in the Statement of Assets and Liabilities except where the settlement is done through central clearing system.

#### Settlement Risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counterparty to honor its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal due to the short settlement period and also the Fund uses brokers with high creditworthiness. Further, the transactions in equity securities are settled or paid for only upon delivery using central clearing system of National Clearing Company of Pakistan Limited.

#### Past Due and Impaired Assets

Detail is provided in note 5.3 in these financial statements.

### 19.3 Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Fund. Liquidity risk also 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 units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by SECP. Hence, unit holders' fund appearing in Statement of Assets and Liabilities represents the continuous obligation of the Fund for redemption by its holders.



### Management of Liquidity Risk

The Fund's policy to managing liquidity is to have sufficient liquidity to meet its liabilities, including estimated redemptions of units as and when due, without incurring undue losses or risking damage to the Fund's reputation.

In accordance with regulation 58(1)(k) of the NBFC Regulation 2008, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen per cent of the net assets which amount to Rupees 36.468 million as on 30 June 2018 (30 June 2017: Rupees 43.658 million). However, no such borrowing has been obtained during the year.

Further, in order to manage the Fund's overall liquidity, the Fund has the ability to withhold redemption requests in excess of ten percent of the units in issue and such request would be treated as redemption qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemptions 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.

The table below analyses the Fund's financial liabilities other than redemption of units obligation into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date.

	<b>30 June 2018</b>			<b>Total</b>
	<b>Up to Three Months</b>	<b>More than Three Months and Up to One Year</b>	<b>More than One Year</b>	
	----- (Rupees) -----			
Payable to Management Company	1,335,294	-	-	1,335,294
Payable to Trustee	65,022	-	-	65,022
Accrued Expenses and Other Liabilities	1,451,762	-	-	1,451,762
Unclaimed Dividend	446,440	-	-	446,440
	<b>3,298,518</b>	<b>-</b>	<b>-</b>	<b>3,298,518</b>

	<b>30 June 2017</b>			<b>Total</b>
	<b>Up to three months</b>	<b>More than three months and up to one year</b>	<b>More than one year</b>	
	----- (Rupees) -----			
Payable to Management Company	1,767,092	-	-	1,767,092
Payable to Trustee	132,207	-	-	132,207
Accrued Expenses and Other Liabilities	1,847,571	-	-	1,847,571
Dividend Payable	2,491,056	-	-	2,491,056
Unclaimed Dividend	446,440	-	-	446,440
	<b>6,684,366</b>	<b>-</b>	<b>-</b>	<b>6,684,366</b>

The table above shows the undiscounted cash flows of the Fund's financial liabilities on the basis of their earliest possible contractual maturity or settlement.

### 19.4 Unit Holders' Fund Risk Management

The unitholders' fund is represented by redeemable units. These units are entitled to distribution and 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 Unitholders' Fund.

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

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

The Fund meets the requirement of sub-regulation 54(3a) of NBFC Regulation 2008, which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.





For financial assets and financial liabilities not measured at fair value through profit or loss management considers that their carrying amounts approximate fair value because of their short-term nature and the high credit quality of counter parties.

The Fund routinely redeems and issues the redeemable units at the amount equal to the proportionate share of net assets of the Fund at the time of issuance and redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to holders of redeemable units approximates their fair value.

**Reconciliation of Recurring Fair Value Measurements Categorised within Level 2 of the Fair Value Hierarchy**

	2018 Rupees	2017 Rupees
<b>Unlisted and Listed Sukuk and Term Finance Certificates</b>		
<b>Opening Balance</b>	5,257,250	5,000,000
Sukuk Certificate Purchased	49,000,000	-
Sukuk Certificate Redeemed	(2,500)	-
Net Unrealised (Diminution)/Appreciation Recognised in Income Statement during the Year	(2,966,107)	257,250
<b>Closing Balance</b>	<b>51,288,643</b>	<b>5,257,250</b>

**21 SUPPLEMENTARY NON FINANCIAL INFORMATION**

The information regarding pattern of unit holding, list of top ten brokers, attendance at the meetings of the Board of Directors of the Management Company and members of the Investment Committee are as follows:

**21.1 Pattern of Unit Holding**

	As at 30 June 2018			As at 30 June 2017		
	Number of Unit Holders	Investment Amount	Percentage Investment	Number of Unit Holders	Investment Amount	Percentage Investment
		Rupees	%		Rupees	%
Individuals	444	23,536,832	9.68%	454	34,872,294	11.99%
Associated Companies, Undertakings and Related Parties	4	191,602,138	78.78%	9	227,637,137	78.22%
Insurance Companies	2	1,303,551	0.55%	2	1,344,537	0.47%
Modarabas	2	25,958	0.02%	2	26,775	0.02%
Directors	2	1,427,852	0.59%	1	317,307	0.12%
Others	10	25,220,354	10.38%	11	26,853,567	9.24%
	<b>464</b>	<b>243,116,685</b>	<b>100%</b>	<b>479</b>	<b>291,051,617</b>	<b>100%</b>

**21.2 Top Ten Brokers/Dealers by Percentage of Commission Paid**

	2018 (Percentage)
1 Dawood Equities Limited	14.62%
2 Pearl Securities (Private) Limited	13.18%
3 IGI Finex Securities Limited	11.59%
4 Adam Securities Limited	10.71%
5 Axis Global Limited	9.88%
6 Ghani Osman Securities (Private) Limited	9.27%
7 Alfalah Securities (Private) Limited	7.52%
8 Foundation Securities (Private) Limited	7.29%
9 First Capital Equities Limited	6.12%
10 Habib Metropolitan Financial Services Limited	5.57%
	2017 (Percentage)
1 Dawood Equities Limited	14.00%
2 Axis Global Limited	12.73%
3 IGI Finex Securities Limited	12.59%
4 Adam Securities Limited	12.59%
5 Pearl Securities (Private) Limited	11.65%
6 Alfalah Securities (Private) Limited	9.34%
7 Ghani Osman Securities (Private) Limited	9.33%
8 Habib Metropolitan Financial Services Limited	9.13%
9 Foundation Securities (Private) Limited	8.94%



### 21.3 Attendance at Meetings of Board of Directors

During the year, four board meetings were held on 18 September 2017, 30 October 2017, 22 February 2018 and 16 April 2018. Information in respect of attendance by Directors in the meetings is given below:

Name of Director	18 September 2017	30 October 2017	22 February 2018	16 April 2018
Ms. Shafqat Sultana	Present	Present	Present	Present
Ms. Tara Uzra Dawood	Present	Present	Present	Present
Ms. Charmaine Hidayatullah *	Present	Present	Absent	Present
Mr. Mohammed Izqar Khan *	Absent	Absent	Absent	Absent
Mr. Ansar Hussain*	Absent	Resign	Resign	Resign
Mr. Tahir Mehmood	Present	Present	Present	Present
Mr. Syed Farhan Abbas	Present	Present	Present	Present

\* Leave of absence has been granted to absentees of meetings held during the year.

### 21.4 Particulars of Investment Committee and Fund Manager

Details of members of the Investment Committee of the Fund are as follows:

Name of Member	Designation	Qualification	Experience
Ms. Tara Uzra Dawood	Chief Executive Officer	Doctorate of Juridical Science	14 years
Mr. Tauqir Shamshad*	Chief Operating Officer/Fund Manager	M COM & MBA	25 years
Mr. Talal Ismail Pasha**	Chief Financial Officer and Company Secretary	ACMA	14 years
Mr. Muhammad Abbas	AVP Finance	MBA Finance	18 years
Mr. Shaheryar Ali ***	Risk Officer	BS Actuarial Science	01 year

\* Mr. Tauqir Shamshad was appointed as Chief Operating Officer & Fund Manager on 8 December 2017. He is also a Fund Manager of Dawood Islamic Fund and Dawood Income Fund.

\*\* Mr. Talal Ismail Pasha was appointed as Chief Financial Officer & Company Secretary on 22 January 2018, after resignation of last Chief Financial Officer on 03 November 2017.

\*\*\* Mr. Shaheryar Ali was appointed as Risk Officer on 01 March 2018.

## 22 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in its meeting held on 4 July 2018 has approved a final distribution of Rupees 0.0476 per unit for the year ended 30 June 2018. The aggregate cash distribution is Rupees 483,687 in addition to refund of capital/element of income by issuing 1,551.23 additional units at zero price. The financial statements of the Fund for the year ended 30 June 2018 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

## 23 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue in the meeting of the Board of Directors of the Management Company held on 17 September, 2018.

## 24 GENERAL

24.1 No significant reclassification or re-arrangement of the corresponding figures has been made in these financial statements except for,

The Fund reclassified provision For Federal Excise Duty on management fee included in ' Payable to 786 Investments Limited' to accrued expenses and other liabilities. Further unclaimed dividend has been shown on the face of the statement of assets and liabilities, previously this was part of dividend payable. These have also been made in the prior year's statement of assets and liabilities for better presentation and disclosure. Details are as follows:



	As Previously Reported	30 June 2017 Impact	As Stated
.....Rupees.....			
<b>Effects on Statement of Assets and Liabilities</b>			
Liabilities			
Payable to 786 Investments Limited - Management Company	6,007,942	(4,240,850)	1,767,092
Accrued Expenses and Other Liabilities	7,147,239	4,240,850	11,388,089
Dividend Payable	2,937,496	(446,440)	-
Unclaimed Dividend	-	446,440	446,440

There are no effects in the Income Statement and Statement of Comprehensive Income and Cash Flow Statement for the aforementioned reclassification.

24.2 Figures have been rounded off to the nearest Rupee, unless otherwise stated.

**786 Investments Limited.  
(Management Company)**

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



**PERFORMANCE TABLE / KEY FINANCIAL DATA**

	Year					
	2018	2017	2016	2015	2014	2013
Net assets (Rs in million)	243.12	291.05	427.28	499.54	401.27	316.67
Net Asset Value per units (Rs.)	22.38	23.08	16.52	19.32	15.52	12.25
Offer price per unit	22.71	23.43	16.77	19.61	15.75	12.43
Redemption price per unit	22.38	23.08	16.52	19.32	15.52	12.25
Number of units	10,864,101	12,609,674	25,860,173	25,860,173	25,860,173	25,860,173
Net (loss)/Profit for the year (Rs in million)	(8.84)	103.72	(72.25)	98.27	84.61	96.03
<i>Income Distribution (Rs in million)</i>						
Final	-	13.70	0.26	3.15	6.00	0.26
Interim	-	-	-	-	-	-
<i>Average annual return (%)</i>						
	-3.05	50.52%	-15.34%	24.49%	26.72%	43.45%



### PROXY ISSUED BY THE FUND

The details of summarized proxies voted are as follows:

Nature of Meeting	Meeting Date	Resolutions	Holding	%age Holding	Favour	Against	Abstain
<b>Crescent Steel &amp; Allied Products</b>							
EOGM	25-Jan-18	Election of Directors	2,000	0.00%	✓		








www.jamapunji.pk










**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 @jamapunji\_pk

\*Mobile apps are also available for download for android and ios devices

**BOOK POST**

If undelivered, please return to:  
**FIRST DAWOOD MUTUAL FUND**  
G-3 Ground Floor, B.R.R. Tower,  
Hassan Ali Street,  
Off I.I. Chundrigar Road,  
Karachi - 74000 Pakistan

**Managed By:**  
**786 Investments Limited**  
**Trustee: Central Depository Company of Pakistan Limited**  
G-3 Ground Floor, B.R.R. Tower, Hassan Ali Street  
off I.I. Chundrigar Road, Karachi - 74000 Pakistan  
Tel: (92-21) 32603751-54  
Email: [info@786investments.com](mailto:info@786investments.com)  
Website: [www.786investments.com](http://www.786investments.com)

