15. The frequency of meetings of the Committee were as per following:
    a. Board Audit Committee : Quarterly Meeting-6 meetings held
    b. Board Human Resource & Compensation Committee: 4 meetings held
    c. Board Risk & Compliance Committee: Quarterly Meeting-4 meetings held
16. The Board has set up an independent and effective internal audit function and the audit personnel are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
17. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
18. The Board Audit Committee recommends to the Board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the fund by the external auditors in addition to audit of its financial statements.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **August 30, 2019**

UBL FUND MANAGERS LIMITED
+92 21 111 825 262
info@ublfunds.com
4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.
www.ublfunds.com

BDO

Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS OF UBL CAPITAL PROTECTED FUND III ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 AS ADOPTED BY THE BOARD OF DIRECTORS OF UBL FUND MANAGERS LIMITED

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) as adopted by the Board of Directors (the Board) of UBL Fund Managers Limited, the Management Company of UBL Capital Protected Fund III (the Fund) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended June 30, 2019.

We draw attention to the following paragraph as detailed in the Statement of Compliance:

"The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited, the Management Company of the Fund, for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of Corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2017 (The Code)."

Accordingly, our opinion is in relation to Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017 as adopted by the Board of Directors of the Management Company.

KARACHI

DATED: AUGUST 30, 2019

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO

Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UBL Capital Protected Fund III ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of cash flows and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Basis for opinion

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

Emphasis of Matter

We draw attention to note 1.6 to the financial statements which states that the fund is due to mature on January 21, 2020. The Management Company has not applied to extend the term of the Fund. Accordingly, the financial statements of the Fund have been prepared on a basis other than Going Concern since the Management may allow the Fund to mature as per it's constitutive document. However, no adjustments are required as the assets and liabilities are stated at the values at which they are expected to be realized or settled. Our opinion is not qualified in respect of this matter.

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:

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1.	**Adoption of IFRS 9** Effective July 01, 2018, the Fund changed its accounting policies due to the application of the International Financial Reporting Standard: IFRS 9 "Financial Instruments" which supersedes the requirements of IAS 39 "Financial Instruments - Recognition and Measurement". IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new impairment model for financial assets. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Management has determined that the significant impact of the new standard on the Fund's financial statements relates to the disclosures required to be made by the new accounting standard in the financial statements. The Fund has used the exemption available in IFRS 9 not to restate comparative periods. Accordingly, comparative periods have not been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in net assets attributable to unit holders as at July 1, 2018. We considered this as a key audit matter since the adoption of the new accounting standard has a significant impact on the financial statements from recognition, classification & measurement and disclosure perspective. Note 4.2 to the financial statements explains the impact of the adoption of the new accounting standard.	Our audit procedures included the following: • Obtained an understanding of the analysis performed by management to identify all significant differences between previous accounting standard and the new accounting standard which can impact the financial statements; • Reviewed 'Investment Classification Model' of the management for analysis of 'Business Model' assessment and 'Contractual Cash Flow Characteristics' test for classification of financial assets; • Reviewed management's assessment of the impact of new accounting standard on the Fund's financial statements; • Evaluated the key decisions made by the Fund with respect to accounting policies, estimates and judgments in relation to adoption of the new accounting standard and assessed their appropriateness based on our understanding of the Fund's business and its operations; • Evaluated the adequacy and appropriateness of disclosures made in the financial statements in relation to adoption of the new accounting standard.

S.No.	Key audit matter(s)	How the matter was addressed in our audit
2.	**Existence and valuation of investments** As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2019, the investments held by the Fund comprised of debt instruments which represent 81% of the total assets of the Fund as at the year end. As these investments represent a significant element of the statement of assets and liabilities, a discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated which would also impact the Fund's reported performance as the valuation of investments is the main driver of movements in the performance of the Fund. In view of the significance of these investments in relation to the total assets and the NAV of the Fund, we have considered the existence and valuation of such investments as a key audit matter.	Our audit procedures included the following: • We tested controls over acquisition, disposals and periodic valuation of debt instruments portfolio and performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations. • We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and constitutive documents in relation to the concentration of debt instruments and exposure limits prescribed in such Regulations and documented and reviewed the adequacy of disclosures as may be applicable in situations of non-compliance. • We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the debt instruments portfolio in accordance with the requirements of the Regulations and whether the Fund's disclosures in relation to the valuation of debt instruments are compliant with the relevant accounting standards.

S.No.	Key audit matter(s)	How the matter was addressed in our audit
3.	**Recognition, measurement and presentation of 'Element of Income'** Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) stipulates the requirements for recognition, measurement and presentation of element of income. As per the NBFC Regulations, element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unitholders' fund. Furthermore, the NBFC Regulations also prescribes certain disclosure requirements with respect to presentation of element of income in the 'Statement of Movement in Unit Holders' Fund'. The NBFC Regulations explains that the accounting income as appearing in the 'Income Statement' excludes the amount of element of income and accounting income available for distribution as appearing in the 'Income Statement' excludes income already paid on units redeemed. However, at the time of distribution, in order to maintain the same ex-dividend net asset value of all units outstanding on the date of distribution, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Due to the complex calculations involved in determining the element of income, the related impact on financial statements and ensuring compliance with the NBFC Regulations, we considered recognition, measurement and presentation of 'Element of Income' as a key audit matter.	Our audit procedures included the following: • We reviewed the processes and controls implemented by the Fund relating to the production and review of system generated reports and manual workings for the purpose of calculations of element of income or loss, bifurcation of amount paid on redemption of units into "capital value" and "income already paid on units redeemed" and checked the accuracy of refund of capital value at the time of distribution. • We evaluated the accuracy of system generated reports and manual workings produced by the Fund to ensure that the data is consistent with source documents and the said workings are in compliance with all the statutory provisions relating to element of income or loss. • We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the NBFC Regulations and assessed its implementation by the Fund. • We evaluated the adequacy of disclosures with respect to element of income / loss along with the adequacy of disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' in accordance with the NBFC Regulations, the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.

Information other than the financial statements and auditor's report thereon

The Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Company and its Board of Directors

The Management Company ("UBL Fund Managers Limited") of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.

- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

BDO

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 3 0 AUG 2019

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

UBL CAPITAL PROTECTED FUND III
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

	Note	2019	2018
		------- (Rupees in '000) -------	
ASSETS			
Bank balances	5	2,709	221
Term deposit receipts	6	254,014	343,883
Investments	7	14,095	33,497
Mark-up / interest receivable	8	40,460	32,023
Dividend receivable		-	205
Deposits and prepayments	9	2,651	2,735
Advance tax	10	328	328
Preliminary expenses and floatation costs	11	433	1,178
TOTAL ASSETS		314,690	414,070
LIABILITIES			
Payable to UBL Fund Managers Limited - Management Company	12	260	374
Payable to Central Depository Company of Pakistan Limited - Trustee	13	38	50
Payable to Securities and Exchange Commission of Pakistan	14	242	315
Accrued expenses and other liabilities	15	2,083	510
TOTAL LIABILITIES		2,623	1,249
NET ASSETS		312,067	412,821
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		312,067	412,821
CONTINGENCIES AND COMMITMENTS	16		
		--------------(Number of units)--------------	
NUMBER OF UNITS IN ISSUE	17	3,119,525	4,101,515
		--------------------(Rupees)--------------------	
NET ASSETS VALUE PER UNIT		100.0366	100.6508

The annexed notes from 1 to 34 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
CHIEF EXECUTIVE OFFICER	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**

UBL CAPITAL PROTECTED FUND III
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------- (Rupees in '000) -------	
INCOME			
Financial income	18	17,669	23,084
Dividend income		412	1,380
Capital loss on sale of investment - net		(1,482)	(6,207)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	7.1	(4,844)	(7,858)
Other income		3,252	405
		15,007	10,804
Impairment on equity shares - available for sale		-	(2,065)
Total income		15,007	8,739
EXPENSES			
Remuneration of UBL Fund Managers Limited - Management Company	12.1	2,416	3,145
Sindh Sales tax on Management Company's remuneration	12.2	314	409
Remuneration of Central Depository Company of Pakistan Limited - Trustee	13.1	473	616
Annual fee of Securities and Exchange Commission of Pakistan	14.1	242	315
Allocated expenses	20	322	419
Bank charges		8	84
Auditors' remuneration	19	271	298
Brokerage and settlement expenses		364	419
Amortization of preliminary expenses and floatation costs		745	745
Legal and professional charges		208	152
Fees and subscription charges		28	28
Other expenses		95	106
Total operating expenses		5,486	6,736
Net income from operating activities		9,521	2,003
Provision for Sindh Workers' Welfare Fund	15.1	(187)	(40)
Net income for the year before taxation		9,334	1,963
Taxation	21	-	-
Net income for the year after taxation		9,334	1,963
Allocation of net income for the year			
Income already paid on units redeemed		(529)	(47)
Net income for the year available for distribution		8,805	1,916
Net income for the year available for distribution			
Relating to capital gains		-	-
Excluding capital gains		8,805	1,916
		8,805	1,916
Earnings per unit	22		

The annexed notes from 1 to 34 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
CHIEF EXECUTIVE OFFICER	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**

UBL CAPITAL PROTECTED FUND III
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	------- (Rupees in '000) -------	
Net income for the year	9,334	1963
Other comprehensive income		
Items that may be reclassified subsequently to income statement		
Unrealized gain on revaluation of investments classified as 'available for sale' - net	-	55
Items that will not be reclassified subsequently to income statement	-	-
Total comprehensive income for the year	9,334	2,018

The annexed notes from 1 to 34 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
CHIEF EXECUTIVE OFFICER	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**

UBL CAPITAL PROTECTED FUND III
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	----------(Rupees in '000)----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	9,334	1,963
Adjustments for:		
Financial income	(17,669)	(23,084)
Dividend income	(412)	(1,380)
Unrealised loss on revaluation of investments classified as 'at fair value through profit or loss' - net	4,844	7,858
Capital loss on sale of investment - net	1,482	6,207
Provision for Sindh Workers' Welfare Fund	187	40
Amortization of preliminary expenses and floatation costs	745	745
Impairment on equity shares - available for sale	-	2,065
	(10,823)	(7,549)
Cash used in operations before working capital changes	(1,489)	(5,586)
Working capital changes		
Decrease / (increase) in assets		
Investments - net	13,076	10,466
Term deposit receipts	89,869	13,066
Advance tax	-	(52)
Deposits and prepayments	84	85
	103,029	23,565
(Decrease) / increase in liabilities		
Payable to UBL Fund Managers Limited - Management Company	(114)	(4,854)
Payable to Central Depository Company of Pakistan Limited - Trustee	(12)	(2)
Annual fee payable to Securities and Exchange Commission of Pakistan	(73)	179
Accrued expenses and other liabilities	1,386	(491)
	1,187	(5,168)
Profit received on bank balances and term deposit receipts	9,232	879
Dividend received	617	1,241
Net cash generated from operating activities	112,576	14,931
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	9,847	580
Payment against redemption of units	(108,381)	(16,982)
Dividend paid	(11,554)	-
Net cash used in financing activities	(110,088)	(16,402)
Net increase / (decrease) in cash and cash equivalents	2,488	(1,471)
Cash and cash equivalents at the beginning of the year	221	1,692
Cash and cash equivalents at the end of the year	2,709	221
CASH AND CASH EQUIVALENTS		
Bank balances	2,709	221
	2,709	221

The annexed notes from 1 to 34 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
CHIEF EXECUTIVE OFFICER	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**

UBL CAPITAL PROTECTED FUND III
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	2019				2018			
	Capital value	**Undistributed loss**	**Unrealised diminution on re-measurement of investments classified as 'fair value through other comprehensive income' (June 30, 2018: 'available for sale' - net**	**Total**	**Capital value**	**Undistributed loss**	**Unrealised diminution on re-measurement of investments classified as 'available for sale' - net**	**Total**
	---------- (Rupees in '000) ----------				---------- (Rupees in '000) ----------			
Net assets at the beginning of the year	410,162	2,604	55	412,821	426,517	688	-	427,205
Transfer of unrealised appreciation on re-measurement of investments classified as available for sale' - net to undistributed income upon adoption of IFRS-9	-	55	(55)	-	-	-	-	-
Issuance of 98,439 units (2018: 5,809 units)								
Capital value of units	9,860	-	-	9,860	582	-	-	582
Element of income during the year								
Due to net loss incurred	(13)	-	-	(13)	(2)	-	-	(2)
Total proceeds on issuance of units	9,847		-	9,847	580		-	580
Redemption of 1,080,429 units (2018: 169,484 units)								
Capital value of units	(108,217)	-	-	(108,217)	(16,976)	-	-	(16,976)
Element of income during the year								
Due to deficit in available for sale securities	-	-	-	-	6	-	-	6
Due to net loss incurred / (net income) earned	365	(529)	-	(164)	35	(47)	-	(12)
Total payments on redemption of units	(107,852)	(529)	-	(108,381)	(16,935)	(47)	-	(16,982)
Total comprehensive income for the year	-	9,334	-	9,334	-	1,963	55	2,018
Distribution during the year	-	-	-	-	-	-	-	-
Re. 0.4900 per unit declared on July 2, 2018 as annual cash dividend	-	(2,010)	-	(2,010)	-	-	-	-
Re. 3.1412 per unit declared on June 23, 2019 as interim cash dividend	-	(9,544)	-	(9,544)	-	-	-	-
Net income for the year less distribution	-	(2,220)	-	(2,220)	-	1,963	55	2,018
Net assets at the end of the year	312,157	(90)	-	312,067	410,162	2,604	55	412,821
Undistributed income brought forward comprises of:								
Realised gain		10,462	-	10,462		1,443	-	1,443
Unrealised gain		(7,858)	55	(7,803)		(755)	-	(755)
Total undistributed income brought forward		2,604	55	2,659		688	-	688
Transfer of unrealised appreciation on re-measurement of investments classified as available for sale' - net to undistributed income upon adoption of IFRS-9		55	(55)	-				
Income available for distribution:								
Relating to capital gains		-	-	-		-	-	-
Excluding capital gains		8,805	-	8,805		1,916	-	1,916
		8,805	-	8,805		1,916	-	1,916
Distribution during the year:								
Re. 0.4900 per unit declared on July 2, 2018 as annual cash dividend		(2,010)	-	(2,010)		-	-	-
Re. 3.1412 per unit declared on June 23, 2019 as interim cash dividend		(9,544)	-	(9,544)		-	-	-
Undistributed income carried forward		(90)	-	(90)		2,604	-	2,604
Undistributed income carried forward comprises of:								
Realised gain		4,754	-	4,754		10,462	-	10,462
Unrealised loss		(4,844)	-	(4,844)		(7,858)	-	(7,858)
Total undistributed income carried forward		(90)	-	(90)		2,604	-	2,604
				(Rupees)				**(Rupees)**
Net assets value per unit at the beginning of the year / period				100.6508				100.1608
Net assets value per unit at the end of the year / period				100.0366				100.6508

The annexed notes from 1 to 34 form an integral part of these financial statements.

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
CHIEF EXECUTIVE OFFICER	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**

UBL CAPITAL PROTECTED FUND III
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 UBL Capital Protected Fund III (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end mutual fund. It was constituted under the Trust Deed, dated October 21, 2016 between UBL Fund Managers Limited (a wholly owned subsidiary company of United Bank Limited) as the Management Company, a company incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund has been registered as a notified entity on January 26, 2017 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Trust Deed has also been approved by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 4th floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules.

1.3 The Fund is a capital protected scheme and units of the Fund are listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund at the option of the unit holder. The Fund is categorised as an open-ended capital protected scheme in accordance with Circular 7 of 2009 issued by the SECP.

1.4 The principal activity of the Fund is to protect the principal investment of investors upon maturity by placing the significant portion of trust property as Term Deposit Receipt with a minimum AA-rated bank, and remaining in equity market or any other SECP permitted investments to provide investor with better return.

1.5 Title to the assets of the Fund are held in the name of the CDC as the Trustee of the Fund.

1.6 The Fund is due to mature on January 25, 2020. The Management Company has not applied to extend the term of the Fund. Accordingly, the financial statements of the Fund have been prepared on a basis other than going concern since the Management Company may mature the Fund as per its constitutive document. However, no adjustments are required as the assets and liabilities are stated at the values at which they are expected to be realized or settled.

1.7 VIS Credit Rating Company Limited has assigned an asset manager quality rating of 'AM1' (stable outlook) to the Management Company as at December 27, 2018.

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 applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, 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 IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 Basis of measurement

As stated in note 1.6, the Fund is due to mature on January 25, 2020. Accordingly, these financial statements have been prepared on the basis as stated therein.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Classification and valuation of investments
For details please refer notes 4.2.1.1 and 24 to these financial statements.

Impairment of investment
For details please refer notes 4.2.1.2 to these financial statements.

Provision for taxation
For details please refer notes 4.8 and 21 to these financial statements.

Sindh Workers' Welfare Fund
For details please refer note 15.1 to these financial statements.

Other assets
Judgment is involved in assessing the realisability of other assets balances.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Amendments that are effective in current year and are relevant to the Fund

The Fund has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
Conceptual Framework for Financial Reporting 2018 - Original Issue		March 01, 2018
IAS 7	Financial Instruments : Disclosures - additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 9	Financial Instruments - reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	July 01, 2018

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	July 01, 2018
IAS 39	Financial Instruments: Recognition and Measurements-amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	July 01, 2018

3.2 Standards / amendments that are effective in current year and not relevant to the Fund

The Fund has adopted the standards / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 5	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	July 01, 2018
IFRS 8	Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 15	Original issue	July 01, 2018
IFRS 15	Clarifications to IFRS 15	July 01, 2018
IAS 40	Investment Property - amendments to clarify transfers of property to, or from, investment property	January 01, 2018

		Effective date (annual periods beginning on or after)

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

3.3 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38,IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.		January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 8	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities negative compensation and modifications of financial liabilities	January 01, 2019
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 19	Employee benefits - amendments regarding plan amendments, curtailments or settlements	January 01, 2019

		Effective date (annual periods beginning on or after)
IAS 17	Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - amendments regarding long-term interests in associates and joint ventures	January 01, 2019

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

3.4 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned against the respective standard:

IFRS 16	Leases	January 01, 2019

The Funds expects that the adoption of IFRS 16 will not have any material impact and therefore will not affect the Funds's financial statements in the period of initial application.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The Funds expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Funds's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at nominal values.

4.2 Financial instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for reporting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

4.2.1 Financial assets

4.2.1.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Fund’s accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
				------------ (Rupees in '000)	------------
Financial assets					
Investments	(a)	Held for trading	Fair value through profit or loss	29,817	29,817
Investments	(b)	Available for sale	Fair value through profit or loss	3,680	3,680
Interest/ mark up receivable	(c)	Loans and receivables	Amortised cost	32,023	32,023
Bank balances	(c)	Loans and receivables	Amortised cost	221	221
Term Deposit Receipts (TDRs)	(c)	Loans and receivables	Amortised cost	343,883	343,883
Deposits	(c)	Loans and receivables	Amortised cost	2,600	2,600
				412,224	412,224

(a) These financial assets classified as 'Held for trading' have been classified as fair value through profit or loss (FVTPL)

(b) The Fund has not made an irrevocable election upon adoption of IFRS 9 to present in other comprehensive income subsequent changes in the fair value of investments in equity instruments under IFRS 9 and accordingly all investments in equity instruments have been classified as fair value through profit or loss (FVTPL).

(c) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

4.2.1.2 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 November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012 dated October 24, 2012 in relation to impairment of debt securities.

The Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

For financial assets classified as 'at amortized cost', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the SECP.

4.2.1.3 Transition

The Fund has used the exemption not to restate comparative periods. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to unit holders as at July 1, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39, therefore, the Fund transferred the balance of unrealised appreciation on remeasurement of investments classified as 'available for sale - net' amounting to Rs. 0.055 million to undistributed income on July 1, 2018 in statement of movement in unit holders' fund.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is
- The revocation of previous designations of certain financial assets measured at FVTPL.

4.2.1.4 Regular way contracts

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

4.2.1.5 Derecognition

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

4.3 Financial liabilities

The adoption of IFRS 9 has not had a significant effect on the Fund's accounting policies related to financial liabilities.

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.4 Offsetting of financial assets and liabilities

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

4.5 Derivatives

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

4.6 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 amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Collaterals

Cash collaterals provided by the Fund are identified in the statement of assets and liabilities as margin and are not included as a component of cash and cash equivalents. For collaterals other than cash, if the party to whom the collaterals are provided has a right by contract or custom to sell or re-pledge the collaterals, the Fund classifies that collaterals in the statement of assets and liabilities separately from other assets and identifies the assets as pledged collaterals.

Where the party to whom the collaterals are provided does not have the right to sell or re-pledge, a disclosure of the collaterals provided is made in the notes to the financial statements.

4.8 Taxation

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

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

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 the amounts used for taxation purposes.

In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.9 Preliminary expenses and floatation cost

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and include underwriting commission, brokerage paid to the members of the stock exchange and other expenses. These costs are being amortised over a period of three years commencing from the date of plan, in accordance with the Trust Deed of the Fund and NBFC Regulations.

4.10 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the financial statements in the year in which such distributions are declared.

4.11 Issuance and redemption of units

Units are allocated at the offer price prevalent on the day on which funds for purchase of units are realised. The offer price represents the net asset value per unit at the end of the preceding day. Issue of units is also recorded on realisation of funds.

Units redeemed are recorded at the redemption price, applicable to units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit at the end of the preceding day. Redemption of units is recorded on acceptance of application for redemption.

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

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

4.13 Net asset value per unit

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

4.14 Revenue recognition

- Gains / (losses) arising on sale of investments is accounted for in the period in which it arises.
- Unrealised (loss) / gain on revaluation of investments classified as financial assets at fair value through profit or loss is included in the income statement in the period in which it arises.
- Unrealised (loss) / gain on revaluation of investments classified as financial assets at fair value through other comprehensive income is included in the statement of comprehensive income in the period in which it arises.
- Profit on bank balances and term deposit receipts is recorded on accrual basis.

4.15 Foreign currency transactions

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

4.16 Transactions with related parties / connected persons

Transactions with related parties / connected persons are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

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

		Note	2019	2018
			-------- (Rupees in '000) --------	
5	**BANK BALANCES**			
	Cash at bank			
	In savings accounts	5.1	2,709	221

5.1 Profit rates on these savings accounts range between 3.75% to 9% per annum (June 30, 2018: 3.75% to 5.3%). This includes an amount of Rs. 0.386 million (2018: Rs. 0.014 million) held by a related party (United Bank Limited) on which return is earned at 8.25% (June 30, 2018: 5%).

		Note	2019	2018
6	**TERM DEPOSIT RECEIPTS**			
	Opening balance		343,883	356,949
	Acquired during the year		97,811	-
	Disposed during the year	6.1	187,680	13,066
	Closing balance	6.2	254,014	343,883

6.1 These Term Deposit Receipts (TDRs) having face value of Rs. 187.680 million (2018: Rs.13.066 million) carrying interest rate ranging from 5.60% to 6.60% (2018: 3.75% to 5.10%) were pre-matured during the year.

6.2 These Term Deposit Receipts (TDRs) carry profit of 6.60% having maturity till January 2020.

		Note	2019	2018
7	**INVESTMENTS**			
	Investment in equity shares			
	Financial assets classified as at fair value through profit or loss	7.1	14,095	29,817
	Financial assets classified as at fair value through other comprehensive income (June 30, 2018: Available for sale)	7.2 & 7.2.1	-	3,680
			14,095	33,497

7.1 Financial assets classified as at fair value through profit or loss

Shares of listed companies-Fully paid up ordinary shares of Rs.10 each, unless stated otherwise.

Name of investee company		As at July 01, 2018	Purchased / bonus received during the year	Sold during the year	Transferred in during the year due to adoption of IFRS 9	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised loss on revaluation of investments classified as financial asset 'at fair value through profit or loss' - net	Market value as at June 30, 2018	Market value as a percentage of net assets	Market value as a percentage of total value of Investment
		----Number of shares----					----(Rupees in '000)----					
AUTOMOBILE SECTOR												
Honda Atlas Cars (Pakistan) Limited		-	-	9,000	9,000	-	-	-	-	-	0.00%	0.00%
		-	-	9,000	9,000	-	-	-	-	-	0.00%	0.00%
CEMENT												
Cherat Cement Company Limited		33,500	-	33,500	-	-	-	-	-	3,257	0.00%	0.00%
Lucky Cement Limited	7.1.2	5,000	-	1,500	-	3,500	1,778	1,332	(446)	2,540	0.43%	9.45%
		38,500	-	35,000	-	3,500	1,778	1,332	(446)	5,797	0.43%	9.45%
FERTILIZER												
Engro Fertilizers Limited		25,000	-	20,000	-	5,000	375	320	(55)	1,873	0.10%	2.27%
Fauji Fertilizer Company Limited		-	3,000	-	-	3,000	269	262	(7)	-	0.08%	1.86%
		25,000	3,000	20,000	-	8,000	644	582	(62)	1,873	0.10%	4.13%
PHARMACEUTICALS	7.1.1											
Highnoon Laboratories Limited		967	96	-	-	1,063	397	269	(128)	397	0.09%	1.91%
The Searle Company Limited		972	70	500	-	542	160	79	(81)	330	0.03%	0.56%
		1,939	166	500	-	1,605	557	348	(209)	727	0.11%	2.47%
POWER GENERATION & DISTRIBUTION												
The Hub Power Company Limited		6,400	774			7,174	629	565	(64)	590	0.18%	4.01%
Pakgen Power Limited		-	102,000	-	-	102,000	1,356	1,446	90	-	0.46%	10.26%
K-Electric Limited		-	160,000	-	-	160,000	765	702	(63)	-	0.22%	4.98%
		6,400	262,774	-	-	269,174	2,750	2,713	(37)	590	0.18%	19.25%
CHEMICALS												
I. C. I. Pakistan Limited		2,600	-	2,600		-	-	-	-	2,084	0.00%	0.00%
		2,600	-	2,600	-	-	-	-	-	2,084	0.00%	0.00%
ENGINEERING												
International Steels Limited	7.1.2	23,900	-	12,500	-	11,400	1,159	453	(706)	2,431	0.15%	3.21%
		23,900	-	12,500	-	11,400	1,159	453	(706)	2,431	0.15%	3.21%
OIL & GAS EXPLORATION COMPANIES												
Mari Petroleum Company Limited		4,500	450	-		4,950	6,778	4,996	(1,782)	6,778	1.60%	35.45%
		4,500	450	-	-	4,950	6,778	4,996	(1,782)	6,778	1.60%	35.45%
TEXTILE COMPOSITE												
Nishat Mills Limited		33,800	-	13,800	-	20,000	2,818	1,867	(951)	4,762	0.60%	13.25%
		33,800	-	13,800	-	20,000	2,818	1,867	(951)	4,762	0.60%	13.25%
Commercial Bank												
Habib Bank Limited		-	-	-	5,000	5,000	832	566	(266)	-	0.18%	4.02%
		-	-	-	5,000	5,000	832	566	(266)	-	0.18%	4.02%
AUTOMOBILE PARTS & ACCESSORIES												
Thal Limited *		10,000	-	6,600		3,400	1,623	1,238	(385)	4,775	0.40%	8.78%
		10,000	-	6,600	-	3,400	1,623	1,238	(385)	4,775	0.40%	8.78%
Total June 30, 2019		**146,639**	**266,390**	**100,000**	**14,000**	**327,029**	**18,939**	**14,095**	**(4,844)**	**29,817**	**0%**	**100%**
Total June 30, 2018		**203,824**	**815**	**58,000**	**-**	**146,639**	**37,676**	**29,817**	**-**			

* Face value is Rs. 5 per share.

7.1.1 The Finance Act, 2014 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. The Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable High Court of Sindh to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemptions available to mutual funds under clause 99 of Part I and clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. The Honorable High Court of Sindh has granted stay order till the final outcome of the case. In prior year, the investee companies of the Fund, in pursuance of the aforesaid amendment, withheld shares equivalent to 5% of bonus entitlement of the Fund having fair market value of Rs. 0.021 million (2018: Rs. 0.0637 million) at current year end. Such shares have not been deposited by the investee companies in CDC account of Income Tax department. The Fund has included in its investment the shares withheld and recorded these at fair market value at year end. Moreover, the requirement to deduct tax on bonus shares has been withdrawn through Finance Act, 2018.

7.1.2 The above securities include 12,600 shares pledged with the National Clearing Company of Pakistan Limited having a market value (in aggregate) amounting to Rs. 1.386 million for guaranteeing settlement of the Fund's trade in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

7.2 Financial assets classified as at fair value through other comprehensive income (June 30, 2018: Available for sale)

Name of investee company	As at July 01, 2018	Purchased / bonus received during the year	Sold during the year	Transferred out during the year due to adoption of IFRS 9	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain on re-measurement of investments as at June 30, 2019	Market value as at June 30, 2018	Market value as a percentage of total value of investments	Market value as a percentage of total value of investments
	Number of shares										
	----Number of shares----					----(Rupees in '000)----					
Commercial Bank	5,000	-	-	(5,000)	-	-	-	-	832	0.00%	0.00%
Habib Bank Limited	5,000	-	-	(5,000)	-	-	-	-	832		
Automobile Assembler	9,000	-	-	(9,000)	-	-	-	-	2,848	0.00%	0.00%
Honda Atlas Cars (Pakistan) Limited	9,000	-	-	(9,000)	-	-	-	-	2,848		
	14,000	**-**	**-**	**(14,000)**	**-**	**-**	**-**	**-**	**3,680**		

7.2.1 As mentioned in note 4.2.1 to these financial statements, after the adoption of IFRS 9, investments in equity securities held by the Fund as 'Available for sale' have been classified as financial assets at 'fair value through profit or loss' on July 1, 2018.

	2019	2018
	-------- (Rupees in '000) --------	

8 MARK-UP / INTEREST RECEIVABLE

Markup / interest receivable on:		
Savings accounts	31	6
Term deposit receipts	40,429	32,017
	40,460	32,023

9 DEPOSITS AND PREPAYMENTS

CDS deposit	100	100
NCCPL deposit	2,500	2,500
Prepaid expenses - others	51	135
	2,651	2,735

10 ADVANCE TAX

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular “C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R” dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During prior years, prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 150 of ITO 2001, on banking transactions and on receipt of dividend. The management is confident that the same shall be refunded by tax authorities in due course.

	Note	2019	2018
		-------- (Rupees in '000) --------	

11 PRELIMINARY EXPENSES AND FLOATATION COSTS

		2019	2018
Preliminary expenses and floatation costs		1,178	1,923
Amortisation during the year		(745)	(745)
Balance as at June 30, 2019		433	1,178

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of three years commencing from January 26, 2017 as per the requirements set out in the Trust Deed.

12 PAYABLE TO UBL FUND MANAGERS LIMITED - MANAGEMENT COMPANY

	Note	2019	2018
Remuneration payable (including Sindh Sales Tax)	12.1 & 12.2	218	288
Formation cost and other payable		16	17
Allocated expenses payable	20	26	69
		260	374

12.1 As per the NBFC Regulations, the Management Company is entitled to remuneration of an amount not exceeding 1% of average annual net assets of the Fund. The Management Company has charged remuneration at the rate of 0.75% of the net assets of the Fund calculated on a daily basis. The fee is payable monthly in arrears.

12.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

13 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2019	2018
Trustee fee payable (including Sindh Sales tax)	13.1 & 13.2	38	50

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

As per the Trust Deed and Offering Document, the tariff applicable to the Fund in respect of the Trustee fee during the year ended June 30, 2019 is 0.13% of net assets.

13.2 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% on the trustee fee through the Sindh Sales Tax on Services Act, 2011.

	Note	2019	2018
		-------- (Rupees in '000) --------	
14 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable	14.1	242	315

14.1 Under the provisions of the NBFC Regulations, a collective investment scheme classified as capital protected scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the Fund.

15 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2019	2018
Auditors' remuneration payable		174	168
Brokerage expense payable		9	1
Legal and professional fee payable		62	11
Zakat deducted at source payable		143	107
Withholding tax payable		1,298	-
Provision for Sindh Workers' Welfare Fund	15.1	371	184
NCCPL transaction expense payable		-	39
Dividend payable		16	-
Other expenses		10	-
		2,083	510

15.1 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution, levy for Sindh Workers' Welfare Fund (SWWF) was introduced by the Government of Sindh through the Sindh Workers Welfare Fund Act, 2014 (SWWF Act, 2014). SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs.500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The said Act includes any concern engaged in the Banking or Financial Institution in the definition of "Industrial Undertaking" but does not define Financial Institution.

The Management Company, based on an opinion obtained by the Mutual Funds Association of Pakistan (MUFAP), believes that Mutual Funds are not liable to pay SWWF under the said law, for the reason that the Mutual Funds are not financial institutions and rather an investment vehicle. However, the Sindh Revenue Board has not accepted the said position of MUFAP and as a result, MUFAP has taken up this matter with the Sindh Finance Ministry for resolution.

In view of the above developments regarding the applicability of SWWF on Mutual Funds, the MUFAP obtained a legal opinion and based on such legal advice, has recommended to all its members on January 12, 2017 that provision against SWWF, on prudent basis, should be made from the date of enactment of the SWWF Act, 2014 (i.e. May 21, 2015) with effect from January 12, 2017.

The above decision was communicated to SECP and the Pakistan Stock Exchange Limited on January 12, 2017. In response to the aforementioned letter SECP vide its letter dated February 1, 2017 advised MUFAP that the adjustments relating to the above should be made prospectively and adequate disclosure shall be made.

Based on above, provision against SWWF amounting to Rs. 0.371 million (2018: Rs.0.184 million) has been made. Had this provision not been made, the net asset value of the Fund would have been higher by Re. 0.1189 per unit (2018: Re. 0.045 per unit).

16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

17 NUMBER OF UNITS IN ISSUE

	2019	2018
	----------(Number of units)------	
Total units in issue at the beginning of the year	4,101,515	4,265,190
Add: Units issued	98,439	5,809
Less: Units redeemed	(1,080,429)	(169,484)
Total units in issue at the end of the year	3,119,525	4,101,515

18 FINANCIAL INCOME

Markup/interest income on:		
Bank balances	322	76
Term deposit receipts	17,347	23,008
	17,669	23,084

	2019	2018
	----------(Number of units)------	

19 AUDITORS' REMUNERATION

Annual audit fee	124	116
Fee for half yearly review	49	47
Fee for the review of compliance with the requirements of the Code of Corporate Governance	16	16
Fee for other certifications/services	25	23
Out of pocket expenses and sales tax	57	96
	271	298

20 ALLOCATED EXPENSES

As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme. Previously, the Fund was required to charge such expenses up to a maximum of 0.1% of the average annual net assets or the actual cost whichever is lower. The SECP, vide S.R.O 639(I)/2019 dated June 20, 2019, has withdrawn the requirement to restrict allocated expenses up to a maximum of 0.1% of the average annual net assets. During the year, the Management Company has continued to charge 0.1% of the average annual net assets.

21 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Management Company has distributed by way of cash dividend at least 90% of the aforementioned net accounting income earned by the fund to the unit holders. Accordingly, no provision for current and deferred tax has been made in these financial statements.

22 EARNINGS PER UNIT

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

23 TOTAL EXPENSE RATIO

As per Directive 23 of 2016 dated July 20, 2016 issued by SECP, the Total Expense Ratio of the Fund is 1.76% as on June 30, 2019 and this includes 0.25% representing Government levy, Sindh Workers' Welfare Fund and SECP fee.

24 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2019, the financial assets carried on the statement of assets and liabilities are categorised either as 'amortized cost', ' at fair value through profit or loss' or 'fair value through other comprehensive income'. The financial liabilities carried on the statement of assets and liabilities are categorised as amortised cost i.e. liabilities other than 'at fair value through profit or loss'.

Particulars	As at June 30, 2019			
	Amortized Cost	Financial assets 'at fair value through profit or loss'	Financial assets 'at fair value through other comprehensive income'	Total
	------------------- Rupees in '000 -------------------			
Financial assets				
Bank balances	2,709	-	-	2,709
Term deposit receipts	254,014	-	-	254,014
Investments	-	14,095	-	14,095
Mark-up / interest receivable	40,460	-	-	40,460
Deposits	2,600	-	-	2,600
	299,783	14,095	-	313,878

Particulars	As at June 30, 2018			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Financial assets 'available for sale'	Total
Financial assets				
Bank balances	221	-	-	221
Term deposit receipts	343,883	-	-	343,883
Investments - held for trading	-	29,817	-	29,817
Investments - available for sale	-	-	3,680	3,680
Mark-up / interest receivable	32,023	-	-	32,023
Dividend receivable	205	-	-	205
Deposits	2,600	-	-	2,600
	378,932	29,817	3,680	412,429

Particulars	As at June 30, 2019		
	Financial liabilities 'at fair value through profit or loss'	Amortized Cost	Total
	---------- Rupees in '000 ----------		
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	-	230	230
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	34	34
Accrued expenses and other liabilities	-	271	271
	-	535	535

Particulars	As at June 30, 2018		
	Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
	---------- Rupees in '000 ----------		
Financial liabilities			
Payable to UBL Fund Managers Limited - Management Company	-	331	331
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	44	44
Accrued expenses and other liabilities	-	219	219
	-	594	594

25 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF THE COMMISSION CHARGE

		June 30, 2019 (Percentage)
1	Adam Securities (Private) Limited.	38.0%
2	LGI Finex Securities Limited	23.8%
3	Arif Habib Limited	12.6%
4	Habib Metropolitan Financial Services Limited	6.3%
5	Intermarket Securities Limited	6.1%
6	Next Capital Limited	3.8%
7	Foundation Securities (Private) Limited	3.0%
8	BMA Capital Management Limited	2.2%
9	Al- Hoqani Sec& Inv Corp (Private) Limited	1.7%
10	Topline Securities (Private) Limited	1.7%
		99.2%

		June 30, 2018 (Percentage)
1	IGI Finex Securities Limited	40.7%
2	Taurus Securities Limited	18.9%
3	Insight Securities (Private) Limited	14.8%
4	DJM Securities (Private) Limited	9.4%
5	Topline Securities (Private) Limited	4.5%
6	Adam Securities (Private) Limited	4.4%
7	Arif Habib Limited	3.0%
8	EFG Hermes Pakistan Limited	2.1%
9	BMA Capital Management Limited	1.2%
10	Foundation Securities (Private) Limited	0.9%
		100.0%

26 BRIEF PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

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

S. No.	Name	Designation	Experience in years	Qualification
1	Yasir Qadri	Chief Executive Officer	23	MBA
2	Syed Suleman Akhtar	Chief Investment Officer	17.74	MBA, CFA
3	Muhammad Waseem	Acting Head of Research	5.14	BBA
4	Hadi Hassan Mukhi	Head of Risk Management, Compliance, Information Security and Quality Assurance	18.91	B.Com
5	Asim Wahab Khan	Head of Investment Strategy & Equities	13.45	MBA, CFA
6	Usama Bin Razi	Fund Manager	15.57	MBA

Usama Bin Razi is the Fund Manager of the Fund. He is also the Fund Manager of UBL Liquidity Plus Fund, UBL Growth and Income Fund, UBL Asset Allocation Fund, UBL Government Securities Fund, UBL Retirement Savings Fund, UBL Special Savings Fund, Al-Ameen Islamic Aggressive Income Fund and Al-Ameen Islamic Asset Allocation Fund.

27 PATTERN OF UNIT HOLDING

Category	June 30, 2019		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	2	1,759,879	56.41%
Associated Companies	55	1,152,269	36.94%
Retirement Funds	2	186,676	5.98%
Others	1	20,701	0.66%
	60	3,119,525	100.00%

Category	June 30, 2018		
	Number of unit holders	Number of units held	Percentage of units held
Individuals	64	2,194,375	53.50%
Associated Companies and Directors	2	1,706,046	41.60%
Retirement Funds	1	20,125	0.49%
Others	2	180,969	4.41%
	69	4,101,515	100.00%

28 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties comprise of United Bank Limited (Holding Company of Management Company), UBL Fund Managers Limited (Management Company), Al-Ameen Islamic Financial Services (Private) Limited (Subsidiary of the Management Company), entities under common management or directorships, Central Depository Company of Pakistan Limited (Trustee), Directors and Officers of Management Company and persons having 10% or more beneficial ownership of the units of the Fund.

Remuneration to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules, NBFC Regulations and the Trust Deed respectively. Other transactions with the related parties / connected persons have been carried out at agreed / commercial terms.

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

	Management Company	Associated Companies	Trustee	Funds under Common Management	Directors and Key Executives	Other Connected persons / related parties
	-- (Rupees in '000) --					
Transactions during the year ended June 30, 2019						
Profit on savings accounts	-	152	-	-	-	-
Profit on Term deposit receipts	-	17,347	-	-	-	-
Bank charges	-	3	-	-	-	-
Units issued	-	5,385	-	-	-	-
Term Deposit Receipt pre-matured		89,867				
Dividend paid		6,218				
Remuneration including Sindh Sales Tax	2,730	-	473	-	-	-
Allocated expenses	322	-	-	-	-	-
CDS expense	-	-	8	-	-	-
Annual listing fee	-	-	-	-	-	25
Transactions during the year ended June 30, 2018						
Profit on savings accounts	-	12	-	-	-	-
Profit on Term deposit receipts	-	23,008	-	-	-	-
Bank charges	-	4	-	-	-	-
Units issued	-	-	-	-	-	-
Purchase of term deposit receipts	-	-	-	-	-	-
Remuneration including Sindh Sales Tax	3,554	-	616	-	-	-
Allocated expenses	419	-	-	-	-	-
CDS expense	-	-	7	-	-	-
Initial and annual listing fee	-	-	-	-	-	95
Balances held as at June 30, 2019						
Units held (in Units '000)	-	1,760	-	-	-	-
Units held (in Rupees '000)	-	176,052	-	-	-	-
Bank balances	-	386	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable including Sindh Sales Tax	218	-	38	-	-	-
Other payables	16	-	-	-	-	-
Term deposit receipts	-	254,014	-	-	-	-
Profit receivable	-	40,440	-	-	-	-
Allocated expenses payable	26	-	-	-	-	-
Balances held as at June 30, 2018						
Units held (in Units '000)	-	1,706	-	-	-	1,003
Units held (in Rupees '000)	-	171,715	-	-	-	100,919
Bank balances	-	14	-	-	-	-
Deposits	-	-	100	-	-	-
Remuneration payable	288	-	50	-	-	-
Other payables	17	-	-	-	-	-
Term deposit receipts	-	343,882	-	-	-	-
Profit receivable on Term deposit receipts	-	32,017	-	-	-	-
Allocated expenses payable	69	-	-	-	-	-
Initial listing fee	-	-	-	-	-	110

29 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Particulars	August 28, 2018	October 26, 2018	November 08, 2018	December 11, 2018	February 27, 2019	April 29, 2019	May 06, 2019	Total meetings attended
Name of Directors:								
Mr. Azhar Hamid	✓	✓	✓	✓	✓	✓	✓	7
Mirza Muhammad Sadeed Hassan Barlas*	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Mr. Imran Sarwar**	N/A	N/A	✓	✓	×	✓	✓	4
Mr. Tauqeer Mazhar**	N/A	N/A	✓	✓	×	×	✓	3
Mr. Yasir Qadri	✓	✓	✓	✓	✓	✓	✓	7
Mr. Zia Ijaz*	×	N/A	N/A	N/A	N/A	N/A	N/A	0
Mr. Sharjeel Shahid*	✓	N/A	N/A	N/A	N/A	N/A	N/A	1
Ms. Naz Khan	✓	✓	✓	✓	✓	✓	✓	7
Ms. Sadia Saeed**	N/A	N/A	✓	✓	✓	✓	✓	5
Syed Furrukh Zaeem	✓	✓	✓	×	✓	✓	✓	6
Name of Key Executives								
S.M. Aly Osman	✓	✓	✓	✓	✓	✓	✓	7
Umair Ahmed	✓	✓	✓	✓	✓	✓	✓	7

* Mr. Zia Ijaz, Mirza M. Sadeed Barlas & Mr. Sharjeel Shahid resigned on October 9, 2018

** Mr. Tauqeer Mazhar, Ms. Sadia Saeed & Mr. Imran Sarwar appointed as of November 2, 2018

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

30.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and the regulation laid down by the SECP.

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

30.1.1 Currency risk

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

30.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund is exposed to cash flow interest rate risk for balances in savings accounts, the interest rates on which range between 3.75% to 9% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2019, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 0.027 million (2018: Rs. 0.002 million).

b) Sensitivity analysis for fixed rate instruments

The Fund is exposed to Fair value interest rate risk for investment in term deposit receipts, the interest rate on which is 6.60% per annum.

In case of 100 basis points increase / decrease in interest rates on June 30, 2019, with all other variables held constant, the net income for the year and the net assets would have been higher / lower by Rs. 2.540 million (2018: Rs. 3.439 million).

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

30.1.3 Price risk

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

The Fund's equity securities are primarily exposed to equity price risk because of investments held and classified by the fund on the statements of assets and liabilities as 'financial assets at fair value through profit or loss' and 'available for sale'. To manage its price risk arising from investments in equity securities, the Fund diversifies it portfolio within the eligible stocks prescribed in the Fund's constitutive documents / NBFC Regulations.

In case of 5% increase / decrease in the fair value of the Fund's equity securities classified as 'financial assets at fair value through profit or loss' and financial assets at fair value through 'other comprehensive income' (2018: 'available for sale') on June 30, 2019, net income for the year and other comprehensive income would increase / decrease by Rs. 0.705 million (2018: 1.490 million) and Nil (2018: Rs 0.184 million) respectively and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'financial assets at fair value through profit or loss' and financial assets at fair value through 'other comprehensive income' (2018: 'available for sale').

30.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to non-payment of redemptions request on a regular basis. Units are redeemable at the holder’s option based on the Fund’s net asset value per unit at the time of redemption calculated in accordance with the Fund’s constitutive document and guidelines laid down by the SECP.

Management of liquidity risk

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

The Fund can borrow, with the prior approval of the trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the year

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

Particulars	June 30, 2019			
	Upto three months	More than three months and upto one year	Over one year	Total
	Rupees in ‘000			
Financial liabilities				
Payable to UBL Fund Managers Limited - Management Company	230	-	-	230
Payable to the Central Depository Company of Pakistan Limited - Trustee	34	-	-	34
Accrued expenses and other liabilities	271	-	-	271
Total liabilities	535	-	-	535

Particulars	June 30, 2018			
	Upto three months	More than three months and upto one year	Over one year	Total
	Rupees in ‘000			
Financial liabilities				
Payable to UBL Fund Managers Limited - Management Company	331	-	-	331
Payable to the Central Depository Company of Pakistan Limited - Trustee	44	-	-	44
Accrued expenses and other liabilities	219	-	-	219
Total liabilities	594	-	-	594

30.3 Credit risk

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

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of the NBFC rules, the NBFC regulations and guidelines given by the SECP from time to time.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. None of these assets are 'impaired' nor 'past due but not impaired'.

30.3.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2019:

Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2019	L pul at
		Rupees in '000	
Bank Alfalah Limited	PACRA	1,335	
United Bank Limited	JCR-VIS	254,400	
National Bank of Pakistan	JCR-VIS	988	
		256,723	

Balances with banks by rating category

Name of the bank	Rating agency	Balances held by the Fund as at June 30, 2018	L pub at
		Rupees in '000	
Bank Alfalah Limited	PACRA	19	
United Bank Limited	JCR-VIS	343,896	
National Bank of Pakistan	JCR-VIS	188	
		344,103	

30.3.2 The analysis below summarizes the credit quality of the Fund's credit exposure:

	2019	2018
	------------- (Percentage) --------	
Rating by rating category		
AAA	66.67	66.67
AA+	33.33	33.33
	100.00	100.00

Concentration on credit risk

Concentration of risk arises when a number of financial instruments or contracts are entered into the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Fund's major asset balances are held with a bank. The management believes that these banks are reputed institutions.

31 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by the net assets attributable to unit holders / redeemable units. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily issuance and redemptions at the discretion of unit holders. The Fund's objective when managing the unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the benefits of the unit holders to maintain a strong base of assets to support the development of the investment activities of the Fund and to meet unexpected losses or opportunities. As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. In order to comply with the requirement and to maintain or adjust the Unit Holders' Fund, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to the liquid assets and adjusts the amount of distributions the Fund pays to unit holders;
- Redeem and issue units in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and issuance; and

- The Fund Manager / Investment Committee members and the Chief Executive Officer critically track the movement of 'Assets under Management'. The Board of Directors is updated regarding key performance indicators e.g. yield and movement of NAV and total Fund size at the end of each quarter.

The Fund has maintained and complied with the requirements of minimum fund size during the

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of the IFRS 7 (Financial Instruments: Disclosures) and IFRS 13 (Fair value measurements), the Fund shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As of the reporting date, the following financial instruments of the Fund are carried at fair value:

	June 30, 2019			June 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----------------Rs in '000----------------			----------------Rs in '000----------------		
Equity shares						
Financial assets at fair value through profit or loss	14,095	-	-	29,817	-	-
Financial assets classified as at fair value through other comprehensive income (June 30, 2018: available for sale	-			3,680		
	14,095	-	-	33,497	-	-

During the year ended June 30, 2019, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the Management Company on 30-AUG-2019.

34 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
CHIEF EXECUTIVE OFFICER	**CHIEF FINANCIAL OFFICER**	**DIRECTOR**

UFPF

UBL Financial Planning Fund

INVESTMENT OBJECTIVE

The objective of the fund is to generate returns on investments as per the respective Allocation Plan by investing in Mutual Funds in line with the risk tolerance of the Investor

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

Fund Manager's Report – UBL Financial Planning Fund

UBL Active Principal Preservation Plan-I (UAPPP-I)

i) **Description of the Collective Investment Scheme category and type**

Fund of Funds Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**

UBL Financial Planning Fund is an open-end Fund of Funds Scheme that aims to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor.

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

The fund achieved its stated objective

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

Weighted Avg. of (70% 3M PKRV rates + 30% 3M avg. deposit rates of 3 AA rated Banks as selected by MUFAP), 6M PKRV rates and KSE-100 Index, on the basis of actual investment by the plan.

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

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
UAPPP-I	0.80%	0.13%	0.02%	0.87%	-0.01%	-1.17%	0.03	-0.24%	-0.01%	-0.27%	0.08%	-0.74%	2.20%
Benchmark	0.99%	0.05%	0.17%	0.84%	0.09%	-0.94%	0.03	-0.52%	0.47%	-0.27%	0.57%	-0.60%	3.76%

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

The Fund was launched on 21-Feb-18. During FY19 UAPP-I generated a return of 2.2%. At the end of the period the 77% of the Funds remained invested in the money market funds, UBL Liquidity Plus Fund (ULPF) and UBL Money Market Fund (UMMF), whereas 22% was allocated to the equities through UBL Dedicated Equity Fund (UDEF). The net assets of the Fund were PKR 168.75 million as at June 30, 2019 representing the net asset value of PKR 103.10 per unit.

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

Asset Allocation (% of Total Assets)	Jun-18	Jun-19
Equity Funds	16%	22%
Money Market Funds	83%	77%
Income Funds	0%	0%
Others	0%	0%
Cash	0%	1%

vi) Analysis of the Collective Investment Scheme's performance

FY'19 Return:	2.20%
Standard Deviation (12m trailing):	3.26%
Sharpe Ratio (12m trailing):	(2.33)

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

Net Asset Value			NAV per unit		
30-Jun-19	30-Jun-18	Change	30-Jun-19	30-Jun-18	Change
Rupees (000)		%	Rupees		%
168,752	173,165	(2.55)	103.1001	100.8796	2.20

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

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-I are equity and money-market CIS and the market reviews are as follows:

Debt Market Review for FY19

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

Stock Market Review for FY19

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

Equity market started the fiscal year on a positive note, with the benchmark index returning ~2% in the Jan-19. However delays in finalization of IMF program in the absence of any substantial alternative macroeconomic remedy dragged the stock market for the remaining fiscal year with the benchmark index registering a continual decline for the remaining 5 months. Among the sectors, Cement, Oil and Gas marketing, Refinery, Automobile and insurance were the major sector which negatively contributed in the index during the period under review.

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

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

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

There were no significant changes in state of affairs of the scheme.

xi) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UAPPP-I
0.0001 - 9,999.9999	75
10,000.0000 - 49,999.9999	19
50,000.0000 - 99,999.9999	4
100,000.0000 - 499,999.9999	3
500,000.0000 & Above	-
Total	**101**

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

There were no unit splits during the period.

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

Investment are subject to credit and market risk.

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

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

Fund Manager's Report – UBL Financial Planning Fund

UBL Active Principal Preservation Plan-II (UAPPP-II)

i) **Description of the Collective Investment Scheme category and type**
Fund of Funds Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**
UBL Financial Planning Fund is an open-end Fund of Funds Scheme that aims to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor.

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The fund achieved its stated objective.

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
Weighted Avg. of (70% 3M PKRV rates + 30% 3M avg. deposit rates of 3 AA rated Banks as selected by MUFAP), 6M PKRV rates and KSE-100 Index, on the basis of actual investment by the plan.

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

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
UAPPP-II	0.64%	0.36%	0.29%	0.97%	0.25%	-0.40%	1.76%	-0.14%	0.01%	-0.21%	0.19%	-0.63%	3.10%
Benchmark	0.73%	0.39%	0.43%	0.91%	0.41%	-0.11%	2.00%	-0.26%	0.53%	-0.06%	0.65%	-0.34%	5.39%

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

The Fund was launched on 31-May-18. At the end of the period the net assets of the Fund were PKR 308.72 million as at June 30, 2019, of which nearly 62% was invested in Money Market Funds and 37% was allocated to placements with banks. The fund manager maintained majority of the fund exposure in Money Market Funds i.e. 39% in UBL Liquidity Plus Fund (ULPF) and 18% in Equity. During FY19 UAPP-II generated a return of 3.10%, against the benchmark return of 5.39%.

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

Asset Allocation (% of Total Assets)	Jun-18	Jun-19
Equity Funds	5%	18%
Money Market Funds	57%	39%

Income Funds	0%	0%
Others	0%	3%
Cash	0%	0%
Placement with banks	37%	40%

vi) Analysis of the Collective Investment Scheme's performance

FY'19 Return:	3.10%
Standard Deviation (12m trailing):	2.23%
Sharpe Ratio (12m trailing):	(3.00)

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

Net Asset Value			NAV per unit		
30-Jun-19	30-Jun-18	Change	30-Jun-19	30-Jun-18	Change
Rupees (000)		%	Rupees		%
308,716	324,119	(4.75)	101.4723	100.6329	0.83

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

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-II are equity and money-market CIS and the market reviews are as follows:

<u>Debt Market Review for FY19</u>

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

Stock Market Review for FY19

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

Equity market started the fiscal year on a positive note, with the benchmark index returning ~2% in the Jan-19. However delays in finalization of IMF program in the absence of any substantial alternative macroeconomic remedy dragged the stock market for the remaining fiscal year with the benchmark index registering a continual decline for the remaining 5 months. Among the sectors, Cement, Oil and Gas marketing, Refinery, Automobile and insurance were the major sector which negatively contributed in the index during the period under review.

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

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		--------------- Rupees ---------------		
27-Jun-19		6,432	2.1534	103.5299	101.3765

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

There were no significant changes in state of affairs of the scheme.

xi) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UAPPP-II
0.0001 - 9,999.9999	69
10,000.0000 - 49,999.9999	31
50,000.0000 - 99,999.9999	6
100,000.0000 - 499,999.9999	4
500,000.0000 & Above	1
Total	**111**

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

There were no unit splits during the period.

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

Investment are subject to credit and market risk.

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

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

Fund Manager's Report – UBL Financial Planning Fund

UBL Active Principal Preservation Plan-III (UAPPP-III)

i) **Description of the Collective Investment Scheme category and type**
Fund of Funds Scheme / Open-end

i) **Statement of Collective Investment Scheme's investment objective**
UBL Financial Planning Fund is an open-end Fund of Funds Scheme that aims to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor.

ii) **Explanation as to whether the Collective Investment Scheme achieved its stated objective**
The fund achieved its stated objective.

iii) **Statement of benchmark(s) relevant to the Collective Investment Scheme**
Weighted Avg. of (70% 3M PKRV rates + 30% 3M avg. deposit rates of 3 AA rated Banks as selected by MUFAP), 6M PKRV rates and KSE-100 Index, on the basis of actual investment by the plan.

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

Monthly Yield	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	FYTD
UAPPP-III	-	-	-	1.00%	-0.03%	-1.20%	2.97%	-0.52%	0.07%	-0.48%	-0.17%	-1.13%	0.43%
Benchmark	-	-	-	1.23%	0.07%	-0.99%	3.02%	-0.92%	0.39%	-0.55%	0.24%	-1.03%	1.41%

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

The Fund was launched on 24-Oct-18. During the period under review, the Fund had a return of 0.43% whereas benchmark return was 1.41%. Net assets of the fund were PKR 190 mn at the end of FY19.
Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of Total Assets)	Jun-18	Jun-19
Equity Funds	0%	28%
Money Market Funds	0%	71%
Income Funds	0%	0%
Others	0%	0%
Cash	0%	1%
Placement with banks	0%	0%

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

FY'19 Return:	0.43%
Standard Deviation (12m trailing):	n/a
Sharpe Ratio (12m trailing):	n/a

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

Net Asset Value			NAV per unit		
30-Jun-19	24-Oct-18	Change	30-Jun-19	24-Oct-18	Change
Rupees (000)		%	Rupees		%
190,447	206,874	(7.94)	100.3210	100.00	0.32

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

The fund is an Allocation Plan under the "UBL Financial Planning Fund" that actively invests between Conventional Equities and Money Market/ Income funds based on the Fund Manager's outlook on the asset classes. Thus, the underlying assets of UAPPP-II are equity and money-market CIS and the market reviews are as follows:

Debt Market Review for FY19

In twelve PIB auctions for FY19 conducted during the year, the government raised PKR ~871bn (PKR ~102 bn in FY18) against target of PKR 800bn. Consequently, outstanding amount for the PIBs in the market increased to PKR 769 bn. Participation in the auctions was largely skewed towards three and five year paper. Cut off yields in June auction increased to 13.69%, 13.80% and 13.70% for three, five and ten year PIB instruments respectively.

The yield curve based on government securities of various maturities has shifted upwards in line with the ongoing increasing discounts rates. Yield on 3M, 6M and 12M T-Bills increased by 5.97%, 5.95% and 5.94%, respectively. Similarly, yield on 3-year, 5-year and 10-year bonds increased 5.56%, 5.10% and 4.69%, respectively. Given the flat yield curve environment, spread between annualized yields of 1-year T-bills (13.13% p.a.) and 10-year PIBs (13.72% p.a.) narrowed at 0.59% as of 30 June 2019.

Stock Market Review for FY19

Prolonging its losing streaks, Pakistan equity market witnessed another year of dismissal performance where the benchmark index posted loss of 19% during FY19 for the second consecutive year. Major reasons for the decline in KSE-100 index were the expectations of rate hikes, subdued economic growth, deteriorating macroeconomic conditions, mushrooming twin deficits and large PKR currency devaluation against USD. With growing uncertainties, market participants remained cautious, keeping average market-traded volumes depressed (96.3mn). Foreign participants remained net sellers with cumulative sell off of USD 356mn during FY19.

Equity market started the fiscal year on a positive note, with the benchmark index returning ~2% in the Jan-19. However delays in finalization of IMF program in the absence of any substantial alternative macroeconomic remedy dragged the stock market for the remaining fiscal year with the benchmark index registering a continual decline for the remaining 5 months. Among the sectors, Cement, Oil and Gas marketing, Refinery, Automobile and insurance were the major sector which negatively contributed in the index during the period under review.

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

Distribution				Per unit	
Declared on	Bonus	Cash	Per Unit	Cum NAV	Ex NAV
	Rupees (000)		-------------- Rupees --------------		
27-Jun-2019		213	0.1127	100.3036	100.1909

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

There were no significant changes in state of affairs of the scheme.

xi) Breakdown of unit holdings by size

Range of Units	Number of Investors
	UAPPP-III
0.0001 - 9,999.9999	70
10,000.0000 - 49,999.9999	36
50,000.0000 - 99,999.9999	3
100,000.0000 - 499,999.9999	3
500,000.0000 & Above	-
Total	**112**

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

There were no unit splits during the period.

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

Investment are subject to credit and market risk.

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

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

PERFORMANCE TABLE

UBL Active Principal Preservation Plan - I

	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	**168,752**	**173,165**
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *		
Class A units - Offer	**103.1001**	104.2994
- Redemption	**101.0381**	100.8796
RETURN OF THE FUND - %		
Total Return of the Fund	**2.20**	**0.88**
Capital Growth (per unit)	**2.20**	**0.88**
Date of Income Distribution		-
Income Distribution		-
Date of Income Distribution		-
Income Distribution		-
AVERAGE ANNUAL RETURN - %		
One Year	**2.20**	**0.88**
Since inception/Second Year	**1.54**	-
OFFER / REPURCHASE DURING THE YEAR- Rupees *		
Highest price per unit - Class A units - Offer	**104.9596**	105.0923
Highest price per unit - Class A units - Redemption	**102.8604**	101.6465
Lowest price per unit - Class A units - Offer	**96.5799**	103.3229
Lowest price per unit - Class A units - Redemption	**92.7167**	99.9351

* Front-end load @ 2.5% is applicable

PORTFOLIO COMPOSITION - %
Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %		
Income Funds	-	42
Money Market Funds	**77**	42
Equity Funds	**22**	16
Bank Balances	**1**	

PORTFOLIO COMPOSITION BY MARKET - %		
Equity	**22**	**16.00**
Debt	**78**	**84.00**

Note:
- The Launch date of Fund is 21 February 2018

DISCLAIMER

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

PERFORMANCE TABLE

UBL Active Principal Preservation Plan - II

	2019	2018
NET ASSETS AS AT 30 JUNE - Rupees in '000	**308,716**	**324,118**
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *		
Class A units - Offer	**101.4723**	104.0444
- Redemption	**99.4429**	100.6329
RETURN OF THE FUND - %		
Total Return of the Fund	**3.10**	**0.63**
Capital Growth (per unit)	**0.96**	**0.63**
Date of Income Distribution	**2-Jul-18**	**-**
Income Distribution	**0.1258**	**-**
Date of Income Distribution	**28-Jun-19**	**-**
Income Distribution	**2.1534**	**-**
AVERAGE ANNUAL RETURN - %		
One Year	**3.10**	**0.63**
Since inception/Second Year	**1.87**	**0.63**
OFFER / REPURCHASE DURING THE YEAR- Rupees *		
Highest price per unit - Class A units - Offer	**104.9208**	104.0999
Highest price per unit - Class A units - Redemption	**100.7240**	100.6866
Lowest price per unit - Class A units - Offer	**97.5811**	103.4976
Lowest price per unit - Class A units - Redemption	**93.6779**	100.1041

* Front-end load @ 2.5% is applicable

PORTFOLIO COMPOSITION - %
Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %		
Equity Funds	**18**	5
Money Market Funds	**39**	57
Others	**3**	0
Placement with banks	**40**	37

PORTFOLIO COMPOSITION BY MARKET - %		
Equity	**18**	5
Debt	**82**	95

Note:
- The Launch date of Fund is 31 May 2018

DISCLAIMER

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

PERFORMANCE TABLE

UBL Active Principal Preservation Plan - III

	2019
NET ASSETS AS AT 30 JUNE - Rupees in '000	**190,447**
NET ASSETS VALUE PER UNIT AT 30 JUNE - Rupees *	
Class A units - Offer	**100.3210**
- Redemption	**96.3082**
RETURN OF THE FUND - %	
Total Return of the Fund	**0.43**
Capital Growth (per unit)	**0.32**
Date of Income Distribution	**28-Jun-19**
Income Distribution	**0.1127**
Date of Income Distribution	-
Income Distribution	-
AVERAGE ANNUAL RETURN - %	
One Year	**0.43**
Since inception/Second Year	**0.43**
OFFER / REPURCHASE DURING THE YEAR- Rupees *	
Highest price per unit - Class A units - Offer	**103.3771**
Highest price per unit - Class A units - Redemption	**99.2420**
Lowest price per unit - Class A units - Offer	**99.3350**
Lowest price per unit - Class A units - Redemption	**95.3616**

* Front-end load @ 3% is applicable

PORTFOLIO COMPOSITION - %
Percentage of Net Assets as at 30 June

PORTFOLIO COMPOSITION BY CATEGORY - %	
Money Market Funds	**71**
Equity Funds	**28**
Bank Balances	**1**

PORTFOLIO COMPOSITION BY MARKET - %	
Equity Market	**28**
Debt	**72**

Note:
- The Launch date of Fund is 24 Oct 2018

DISCLAIMER

Past performance is not necessarily indicative of future performance and that unit prices and investment retu

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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

TRUSTEE REPORT TO THE UNIT HOLDERS

UBL FINANCIAL PLANNING FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of UBL Financial Planning Fund (the Fund) are of the opinion that UBL Fund Managers Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 20, 2019

FUNDS

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 BY UBL FUND MANAGERS LIMITED

NAME OF FUND: **UBL Financial Planning Fund**

YEAR ENDING: **JUNE 30, 2019**

The Securities and Exchange Commission of Pakistan (SECP) through its letter dated April 18, 2018 to Mutual Funds Association of Pakistan (MUFAP) has exempted the open-end collective investment schemes from the requirements of the Code of Corporate Governance. However, the Board of Directors of UBL Fund Managers Limited (the Management Company) of UBL Financial Planning Fund (the Fund), for the purpose of establishing a framework of good governance whereby a Fund is managed by best practice of Corporate governance, has voluntarily opted to comply with the relevant provisions of the Listed Companies (Code of Corporate Governance) Regulations 2017 (the Regulations).

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

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

Category	Name
Independent Directors	Mr. Azhar Hamid Ms. Naz Khan
Executive Directors	Mr. Yasir Qadri
Non - Executive Directors	Mr. Imran Sarwar Ms. Sadia Saeed Mr. Tauqeer Mazhar Syed Furrukh Zaeem

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The Management Company has placed the Whistle Blowing Policy, Proxy Policy and the Principles of the Code of Conduct (Statement of Ethics and Business Practice) on its website.
6. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 (the Act) and these Regulations.
7. The Board has a formal and effective mechanism in place for an annual evaluation of the Board's, Board Committee's and Board Member's own performance.
8. The Chairman of the Board is an Independent director. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act and these Regulations.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

10. Following directors and executives have acquired the prescribed Director Training Program (DTP) certification:

Directors

a. Mr. Imran Sarwar
b. Mr. Tauqeer Mazhar
c. Mr. Yasir Qadri
d. Ms. Naz Khan
e. Ms. Sadia Saeed
f. Syed Furrukh Zaeem

Executives

a. S.M. Aly Osman
b. Mr. Amin Gulamani
c. Mr. Ammar Valika
d. Mr. Hadi Hassan Mukhi
e. Mr. Umair Ahmed
f. Mr. Zeeshan Quddus

11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
12. CFO and CEO duly endorsed the financial statements before approval of the Board.
13. The Board has formed committees comprising of members given below. The Board Audit Committee and the Board Human Resource & Compensation Committee are chaired by separate Independent directors:

a. Board Audit Committee
   i. Ms. Naz Khan (Chair),
   ii. Mr. Imran Sarwar,
   iii. Ms. Sadia Saeed,
   iv. Mr. Tauqeer Mazhar.

b. Board Human Resource & Compensation Committee
   i. Mr. Azhar Hamid (Chairman),
   ii. Ms. Naz Khan,
   iii. Ms. Sadia Saeed,
   iv. Syed Furrukh Zaeem,
   v. Mr. Yasir Qadri.

c. Board Risk & Compliance Committee
   i. Mr. Imran Sarwar (Chairman),
   ii. Mr. Azhar Hamid,
   iii. Syed Furrukh Zaeem,
   iv. Mr. Tauqeer Mazhar,
   v. Mr. Yasir Qadri.

14. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.

UBL FUNDS

15. The frequency of meetings of the Committee were as per following:
    a. Board Audit Committee : Quarterly Meeting-6 meetings held
    b. Board Human Resource & Compensation Committee: 4 meetings held
    c. Board Risk & Compliance Committee: Quarterly Meeting-4 meetings held
16. The Board has set up an independent and effective internal audit function and the audit personnel are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
17. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
18. The Board Audit Committee recommends to the Board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the fund by the external auditors in addition to audit of its financial statements.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that any other significant requirements of the Regulations have been complied with.

AZHAR HAMID
Chairman

Karachi.
Dated: **August 30, 2019**

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

To the unitholders of UBL Financial Planning Fund

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of UBL Fund Managers Limited, the Management Company of **UBL Financial Planning Fund** (the Fund) for the year ended **30 June 2019** in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Fund for the year ended 30 June 2019.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 23 September 2019

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REPORT

To the Unit holders of UBL Financial Planning Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **UBL Financial Planning Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2019**, and the income statement, statement of comprehensive income, cash flow statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of bank balances and investments	
As disclosed in note 7 and 8 to the accompanying financial statements of the Fund for the year ended 30 June 2019, the bank balances and investments (comprised of mutual funds units) held by the Fund represent 98% of the total assets of the Fund as at the year end.	We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following: - We tested controls over acquisition, disposals and periodic valuation of investments portfolio. - We performed substantive audit procedures on year-end balance of portfolio including review of

Key audit matter	How our audit addressed the key audit matter
In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.	Custodian's statement and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Mutual Funds Association of Pakistan (MUFAP). - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and the adequacy of disclosures as may be applicable in situations of non-compliance. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and whether the Fund's disclosures in relation to the valuation of investments are compliant with the relevant accounting requirements.

Other Information

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

EY
Building a better working world

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Building a better working world

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

Report on Other Legal and Regulatory Requirements

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

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

EY Ford Rhodes

Chartered Accountants

Date: 23 September 2019

Karachi

UBL FINANCIAL PLANNING FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

	Note	June 30, 2019		For the period from October 24, 2018 to June 30, 2019 (See note 1.5)		June 30, 2018 (Audited)		
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
		---------- (Rupees in '000) ----------						
ASSETS								
Bank balances	7	**1,195**	**521**	**1,751**	**3,467**	749	80	829
Investments	8	**168,177**	**309,837**	**190,265**	**668,279**	172,638	331,925	504,563
Mark-up and other receivables	9	**46**	**188**	**21**	**255**	87	165	252
Advance tax	10	**1**	**-**	**-**	**1**	-	-	-
Preliminary expenses and floatation costs	11	**167**	**203**	**-**	**370**	-	-	-
Total assets		**169,586**	**310,749**	**192,037**	**672,372**	173,474	332,170	505,644
LIABILITIES								
Payable to the Management Company	12	**463**	**570**	**21**	**1,054**	166	3027	3193
Payable to the Trustee	13	**16**	**29**	**18**	**63**	15	28	43
Annual fee payable to Securities and Exchange					-			
Commission of Pakistan (SECP)	14	**129**	**240**	**104**	**473**	46	21	67
Accrued and other liabilities	16	**226**	**1,194**	**1,447**	**2,867**	82	4976	5058
Total liabilities		**834**	**2,033**	**1,590**	**4,457**	309	8052	8361
NET ASSETS		**168,752**	**308,716**	**190,447**	**667,915**	173,165	324,118	497,283
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		**168,752**	**308,716**	**190,447**	**667,915**	173,165	324,118	497,283
CONTINGENCIES AND COMMITMENTS	17							
NUMBER OF UNITS IN ISSUE		**1,636,777**	**3,042,371**	**1,898,372**		1,716,552	3,220,804	
NET ASSETS VALUE PER UNIT		**103.1001**	**101.4723**	**100.3210**		100.8796	100.6326	

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

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
Chief Executive Officer	**Director**	**Chief Financial Officer**

UBL FINANCIAL PLANNING FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019		For the period from October 24, 2018 to June 30, 2019 (See note 1.5)		For the period from February 28, 2018 to June 30, 2018	For the period from May 31, 2018 to June 30, 2018	
		UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
		(Rupees in '000)						
INCOME								
Mark-up on bank accounts		**164**	**68**	**73**	**305**	88	-	88
Unrealised (loss) / gain on re-measurement of investments classified as 'at fair value through profit or loss		**(4,136)**	**(6,217)**	**(5,680)**	**(16,033)**	1,178	523	1,701
Income from term deposit receipt (TDR)		**-**	**8,321**	**-**	**8,321**	-	547	547
Net gain on sale of investments classified as classified as 'at fair value through profit or loss		**8,505**	**9,055**	**6,519**	**24,079**	501	1,117	1,618
Dividend Income		**74**	**711**	**-**	**785**			
Other income		**255**	**872**	**688**	**1,815**	23	78	101
Total income		**4,862**	**12,810**	**1,600**	**19,272**	1,790	2,265	4,055
EXPENSES								
Remuneration of the Management Company	12.1	**-**	**1,237**	**-**	**1,237**	-	81	81
Sales tax on management fee	12.2	**-**	**161**	**-**	**161**	-	11	11
Allocated expenses by the Management Company	12.3	**172**	**320**	**139**	**631**	62	28	90
Remuneration of the Trustee	13.1	**172**	**320**	**139**	**631**	59	26	85
Sales tax on remuneration of the Trustee	13.2	**22**	**42**	**18**	**82**	8	3	11
Annual fee to SECP	14	**129**	**240**	**104**	**473**	46	21	67
Amortization of preliminary expenses and floatation costs	11	**258**	**221**	**-**	**479**	-	-	-
Auditors' remuneration	19	**126**	**126**	**86**	**338**	45	8	53
Legal and professional charges		**80**	**76**	**26**	**182**	-	-	-
Bank charges and other expenses		**38**	**39**	**7**	**83**	32	2	34
Total expenses		**997**	**2,782**	**519**	**4,298**	252	180	432
Net income for the year from operating activities		**3,865**	**10,028**	**1,081**	**14,974**	1,538	2,085	3,623
Provision for Sindh Workers' Welfare Fund (SWWF)	16.1	**76**	**197**	**21**	**294**	28	41	69
Net income for the year before taxation		**3,789**	**9,831**	**1,060**	**14,680**	1,510	2,044	3,554
Taxation	20	**-**	**-**	**-**	**-**	-	-	-
Net income for the year after taxation		**3,789**	**9,831**	**1,060**	**14,680**	1,510	2,044	3,554
Allocation of net income for the year:								
Net income for the period after taxation		**3,789**	**9,831**	**1,060**	**14,680**	1,510	2,044	3,554
Income already paid on units redeemed		**(159)**	**(529)**	**(16)**	**(704)**	(2)	(12)	(14)
		3,630	**9,302**	**1,044**	**13,976**	1,508	2,032	3,540
Accounting income available for distribution								
- Relating to capital gains		**4,192**	**2,563**	**822**	**7,577**	1,508	1,640	3,148
- Excluding capital gains		**(562)**	**6,739**	**222**	**6,399**	-	392	392
		3,630	**9,302**	**1,044**	**13,976**	1,508	2,032	3,540
Earning per unit	25.2							

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

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
Chief Executive Officer	**Director**	**Chief Financial Officer**

UBL FINANCIAL PLANNING FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019		For the period from October 24, 2018 to June 30, 2019 (See note 1.5)		For the period from February 28, 2018 to June 30, 2018	For the period from May 31, 2018 to June 30, 2018	
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
	------------ (Rupees in '000) ------------						
Net income for the year after taxation	**3,789**	**9,831**	**1,060**	**14,680**	1,510	2,044	3,554
Other comprehensive income for the year	**-**	**-**	**-**	**-**	-	-	-
Total comprehensive income for the year	**3,789**	**9,831**	**1,060**	**14,680**	1,510	2,044	3,554

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

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
Chief Executive Officer	**Director**	**Chief Financial Officer**

UBL FINANCIAL PLANNING FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019		For the period from October 24, 2018 to June 30, 2019 (See note 1.5)		For the period from February 28, 2018 to June 30, 2018	For the period from May 31, 2018 to June 30, 2018	
	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	UBL Active Principal Preservation Plan III	Total	UBL Active Principal Preservation Plan I	UBL Active Principal Preservation Plan II	Total
	---------- (Rupees in '000) ----------						
CASH FLOWS FROM OPERATING ACTIVITIES							
Net income for the period before taxation	**3,789**	**9,831**	**1,060**	**14,680**	1,510	2,044	3,554
Adjustments for:							
Mark-up on bank accounts	**(164)**	**(68)**	**(73)**	**(305)**	(88)	-	(88)
Unrealised loss/(gain) on re-measurement of investments classified as 'at fair value through profit or loss	**4,136**	**6,217**	**5,680**	**16,033**	(1,178)	(523)	(1,701)
Net gain on sale of investments classified as classified as 'at fair value through profit or loss	**(8,505)**	**(9,055)**	**(6,519)**	**(24,079)**	(501)	(1,117)	(1,618)
Amortization of preliminary expenses and floatation costs	**258**	**221**	**-**	**479**	-	-	-
Provision for Sindh Workers' Welfare Fund (SWWF)	**76**	**197**	**21**	**294**	28	41	69
	(4,199)	**(2,488)**	**(891)**	**(7,578)**	(1,739)	(1,599)	(3,338)
(Increase) / Decrease in assets							
Investments	**8,830**	**24,926**	**(189,429)**	**(155,673)**	(170,959)	(330,284)	(501,243)
Advances and other receivables	**40**	**-**	**(21)**	**19**	(87)	(713)	(800)
Preliminary expenses and floatation costs	**(425)**	**(424)**	**-**	**(849)**	-	-	-
	8,445	**24,502**	**(189,450)**	**(156,503)**	(171,046)	(330,997)	(502,043)
(Decrease) / Increase in liabilities							
Payable to the Management Company	**297**	**(2,457)**	**21**	**(2,139)**	166	3,027	3,193
Payable to the Trustee	**1**	**1**	**18**	**20**	15	28	43
Annual fee payable to SECP	**83**	**219**	**104**	**406**	46	21	67
Accrued and other liabilities	**68**	**(3,979)**	**1,427**	**(2,484)**	54	4,935	4,989
	449	**(6,216)**	**1,570**	**(4,197)**	281	8,011	8,292
Mark-up received	**164**	**45**	**73**	**282**	88	547	635
Net cash generated from / (used in) operating activities	**8,648**	**25,674**	**(187,638)**	**(153,316)**	(170,906)	(321,994)	(492,900)
CASH FLOWS FROM FINANCING ACTIVITIES							
Net receipt from issuance of units	**-**	**5,976**	**211,178**	**217,154**	172,219	395,537	567,756
Cash dividend paid to unit holders	**-**	**(6,837)**	**(212)**	**(7,049)**	-	-	-
Net payment against redemption of units	**(8,202)**	**(24,372)**	**(21,577)**	**(54,151)**	(564)	(73,463)	(74,027)
Net cash (used in) / generated from financing activities	**(8,202)**	**(25,233)**	**189,389**	**155,954**	171,655	322,074	493,729
Net increase in cash and cash equivalent during the period	**446**	**441**	**1,751**	**2,638**	749	80	829
Cash and cash equivalents at beginning of the period	**749**	**80**	**-**	**829**	-	-	-
Cash and cash equivalents at end of the period	**1,195**	**521**	**1,751**	**3,467**	749	80	829
Cash and cash equivalents							
Bank balances	**1,195**	**521**	**1,751**	**3,467**	749	80	829

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

For UBL Fund Managers Limited
(Management Company)

SD

Chief Executive Officer

SD

Director

SD

Chief Financial Officer

UBL FINANCIAL PLANNING FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019						For the period from October 24, 2018 to June 30, 2019 (See note 1.5)				For the period from February 28, 2018 to June 30, 2018			'For the period from May 31, 2018 to June 30, 2018			
	UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II			UBL Active Principal Preservation Plan III				UBL Active Principal Preservation Plan I			UBL Active Principal Preservation Plan II			
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Total
	(Rupees in '000)										(Rupees in '000)						
Net assets at beginning of the period	171,657	1,508	173,165	322,086	2,032	324,118	-	-	-	497,283	-	-	-	-	-	-	-
Issuance of units:																	
UBL Active Principal Preservation Plan I (Nil Units) (2018: 1,722,174 Units)																	
- Capital value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Element relating to the income for the year after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UBL Active Principal Preservation Plan II (58,941 Units) (2018: 3,955,311 Units)																	
- Capital value	-	-	-	5,917	-	5,917	-	-	-	5,917	172,217	-	172,217	-	-	-	172,217
- Element relating to the income for the year after taxation	-	-	-	59	-	59	-	-	-	59	2	-	2	-	-	-	2
UBL Active Principal Preservation Plan III (2,111,727 Units) (2018: Nil Units)																	
- Capital value	-	-	-	-	-	-	211,173	-	211,173	211,173	-	-	-	395,531	-	395,531	395,531
- Element relating to the income for the year after taxation	-	-	-	-	-	-	5	-	5	5	-	-	-	6	-	6	6
	-	-	-	5,976	-	5,976	211,178	-	211,178	217,154	172,219	-	172,219	395,537	-	395,537	567,756
Redemption of units																	
UBL Active Principal Preservation Plan I (79,775 Units) (2018: 5,623 Units)																	
- Capital value	(8,225)	-	(8,225)	-	-	-	-	-	-	(8,225)	-	-	-	-	-	-	-
- Element relating to the income for the year after taxation	182	(159)	23	-	-	-	-	-	-	23	-	-	-	-	-	-	-
UBL Active Principal Preservation Plan II (237,374 Units) (2018: 734,507 Units)																	
- Capital value	-	-	-	(23,828)	-	(23,828)	-	-	-	(23,828)	(562)	-	(562)	-	-	-	(562)
- Element relating to the income for the year after taxation				(15)	(529)	(544)	-	-	-	(544)		(2)	(2)	-	-	-	(2)
UBL Active Principal Preservation Plan III (213,355 Units) (2018: Nil Units)																	
- Capital value	-	-	-	-	-	-	(21,336)	-	(21,336)	(21,336)	-	-	-	(73,451)	-	(73,451)	(73,451)
- Element relating to the income for the year after taxation	-	-	-	-	-	-	(226)	(16)	(242)	(242)	-	-	-	-	(12)	(12)	(12)
	(8,043)	(159)	(8,202)	(23,843)	(529)	(24,372)	(21,562)	(16)	(21,578)	(54,152)	(562)	(2)	(564)	(73,451)	(12)	(73,463)	(74,027)
Total comprehensive income for the period	-	3,789	3,789	-	9,831	9,831	-	1,060	1,060	14,680	-	1,510	1,510	-	2,044	2,044	3,554
Distribution during the period	-	-	-	-	(6,837)	(6,837)	-	(213)	(213)	(7,050)	-	-	-	-	-	-	-
Net income for the period less distribution	-	3,789	3,789	-	2,994	2,994	-	847	847	7,630	-	1,510	1,510	-	2,044	2,044	3,554
Net assets at end of the period	163,614	5,138	168,752	304,219	4,497	308,716	189,616	831	190,447	667,915	171,657	1,508	173,165	322,086	2,032	324,118	497,284
Undistributed income brought forward:																	
- Realised	-	330	330	-	1,509	1,509	-	-	-	1,839	-	-	-	-	-	-	-
- Unrealised	-	1,178	1,178	-	523	523	-	-	-	1,701	-	-	-	-	-	-	-
	-	1,508	1,508	-	2,032	2,032	-	-	-	3,540	-	-	-	-	-	-	-
Accounting income available for distribution:																	
- Relating to capital gains	-	4,192	4,192	-	2,563	2,563	-	822	822	7,577	-	1,508	1,508	-	1,640	1,640	3,148
- Excluding capital gains	-	(562)	(562)	-	6,739	6,739	-	222	222	6,399	-	-	-	-	392	392	392
	-	3,630	3,630	-	9,302	9,302	-	1,044	1,044	13,976	-	1,508	1,508	-	2,032	2,032	3,540
Distribution during the period	-	-	-	-	(6,837)	(6,837)	-	(213)	(213)	(7,050)	-	-	-	-	-	-	-
Undistributed income carried forward	-	5,138	5,138	-	4,497	4,497	-	831	831	10,466	-	1,508	1,508	-	2,032	2,032	3,540
Undistributed income carried forward																	
- Realised	-	9,274	9,274	-	10,714	10,714	-	6,511	6,511	26,499	-	330	330	-	1,509	1,509	1,839
- Unrealised	-	(4,136)	(4,136)	-	(6,217)	(6,217)	-	(5,680)	(5,680)	(16,033)	-	1,178	1,178	-	523	523	1,701
	-	5,138	5,138	-	4,497	4,497	-	831	831	10,466	-	1,508	1,508	-	2,032	2,032	3,540
			-- (Rupees) --			-- (Rupees) --			-- (Rupees) --				-- (Rupees) --			-- (Rupees) --	
Net assets value per unit at end of the period			103.1001			101.4723			100.3210				100.8796			100.6326	

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

For UBL Fund Managers Limited
(Management Company)

SD	SD	SD
Chief Executive Officer	**Director**	**Chief Financial Officer**

UBL FINANCIAL PLANNING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 UBL Financial Planning Fund (the Fund) was established under the Trust Deed executed between UBL Fund Managers Limited (the Management Company - a wholly owned subsidiary company of United Bank Limited), as the Management Company, and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 07, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 29, 2017 in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced its operations from September 28, 2017.

1.2 The Management Company of the Fund is registered with the SECP as a Non-Banking Finance Company under the NBFC Rules, 2003. The registered office of the Management Company is situated at 4th Floor, STSM Building, Beaumont Road, Civil Lines, Karachi.

1.3 The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for subscription on a continuous basis to the public. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

1.4 The objective of the Fund is to generate returns on Investments as per respective Allocation Plans by investing in Mutual Funds in line with the risk tolerance of the Investor. The duration of the Fund and Allocation Plans initially launched therein is perpetual, however, additional Allocation Plans may have a set time frame. Presently, the fund offers only UBL Active Principal Preservation Plan I, UBL Active Principal Preservation Plan II & UBL Active Principal Preservation Plan III.

1.5 As per the Offering Document and supplements to the said Document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, the financial statements for UBL Active Principal Preservation Plan III have been prepared from October 24, 2018 to June 30, 2019 and therefore, there is no comparative information disclosed in these financial statements for UBL Active Principal Preservation Plan III

1.6 JCR - VIS Credit Rating Company has upgraded management quality rating from AM2++ (stable outlook) to AM1 to the management company dated December 27, 2018.

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

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);

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

- The NBFC rules, the Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

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

2.2 New / Revised Standards, Interpretations and Amendments

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

IFRS 15 – Revenue from Contracts with Customers

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 Financial Instruments

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB in December 2016

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements except for as disclosed in note 4.1

3. BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments which are accounted for as stated in note 4.1.

3.2 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years except as described 4.1.

Policy effective from July 01, 2018

Financial Instruments

4.1 IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after July 01, 2018. A number of other new standards are effective from July 01, 2018 but they do not have a material effect on the Fund’s financial Information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 did not have a significant effect on the Fund's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Profit / mark-up income, foreign exchange gains and losses and impairment are recognised in income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Fund's financial assets as at July 01, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS	Revised carrying amount under IFRS 9
				---- (Rupees in '000) ----	
Units of mutual funds	(a)	Held for trading	FVTPL	380,353	380,353
Bank balances	(b)	Loans and receivables	Amortised cost	829	829
Mark-up and other receivables	(b)	Loans and receivables	Amortised cost	800	800
Preliminary expenses and floatation costs	(b)	Loans and receivables	Amortised cost	370	370

(a) These financial assets classified as 'held for trading' have been classified as fair value through profit and loss (FVTPL). Units of mutual funds are puttable instruments as per the definition given under International Accounting Standard 32 - Financial Instruments: Presentation (IAS -32) and do not meet the definition of equity instrument under IAS 32. Accordingly, such instruments are classified as FVTPL as they do not meet the contractual cash flow characteristics criterion.

(b) The Fund has not made an irrevocable election upon adoption of IFRS 9 to present in other comprehensive income subsequent changes in the fair value of investments in equity instruments under IFRS 9 and accordingly all investments in equity instruments have been classified as fair value through profit or loss (FVTPL).

(b) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

Impairment of financial assets

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

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

Transition

The Fund has used the exemption not to restate comparative periods as allowed under IFRS 9 and the differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in opening retained earnings as at July 01, 2018. Accordingly, the comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The revocation of previous designations of certain financial assets measured at FVTPL.

4.2 Policy effective till June 30, 2018

Financial instrument

Before July 01, 2018, the fund classified its investment in the following categories

This category has two sub-categories, namely; financial instruments held-for-trading, and those designated at fair value through profit or loss upon initial recognition.

a) Loans and receivables

These are non-derivative investments with fixed or determinable payments that are not quoted in an active market.

b) Investments 'at fair value through profit or loss'

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as investments at fair value through profit or loss category.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.