CONTENTS

Our Mission

"To provide higher risk adjusted returns to investors at large by investing into a diversified range of investment assets on consistent basis."

Our Vision

"ASKARI HIGH YIELD SCHEME aims to provide diversified portfolio and return that is risk adjusted to suit investors at large, on a consistent basis."

FUND INFORMATION

Management Company
Pak Oman Asset Management Company Limited.
1st Floor Tower A ,
Finance and trade Centre (FTC),
Karachi
Phone : +92 - 21 - 38696275-79
Fax : +92 - 21 - 38696274
Web site : www.pakomanfunds.com

Board of Director of The Management Company

H.E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman
Mr. Bahauddin Khan	Director
Mr. Humayun Murad	Director
Mr. Sulaiman Hamad Al Harthy	Director
Mr. Saif Said Salim Al Yazidi	Director
Mr. Jehangir Shah	Director
Mr. Habib ur Rehman	Director
Ms. Sadaf Kazmi	CEO

Audit Committee

Mr. Humayun Murad	Chairman
Mr. Bahauddin Khan	Director
Mr. Sulaiman Hamad Al Harthy	Member
Mr. Habib ur Rehman	Member

Human Resource & Remuneration Committee

Mr. Humayun Murad	Chairman
Mr. Bahauddin Khan	Director
Mr. Sulaiman Hamad Al Harthy	Member
Mr. Habib ur Rehman	Member

Human Resource & Remuneration Committee

Mr.Bahauddin Khan	Chairman
Mr. Saif Said Salim Al Yazidi	Member
Mr. Humayun Murad	Member
Ms. Sadaf Kazmi	Member

Chief Financial Officer / Company Secretary
Muhammad Farrukh

Asset Manager Rating
AM3 + (Stable outlook)

Trustee
Central Depository Comany of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi.

Auditors
Earnst & Young Ford Rhodes Sidat Hyder
Progressive Plaza, Beamont Road,
P.O. Box No.15541, Karachi

Bankers to The Fund
Askari Bank Limited
Bank Alfalah Limited
Bruj Bank Limited
Habib Metro Bank
Habib Bank Limited (Islamic Bankimg)
Silk Bank Limited (Islamic Bankimg)

Legal Advisor
Mohsin Tayyab Ali
Corporate & Commercial Law Firm
D-21, Block - 4,
KDA Scheme 5,Clifton, Karachi.

Transfer Agent
ITMINDS Limited - A Subsidiary of CDC.
CDC House, 99-B, S.M.C.H.S
Main Shahra-e-Faisal, Karachi-74400, Pakistan.
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Fax : +92 - 21 - 34326040
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DIRECTORS REPORT TO THE UNIT HOLDERS

The Board of Directors of Pak Oman Asset Management Company Limited ("the Management Company" or "POAMCL" or "the Company") is pleased to present the annual report of the Askari High Yield Scheme (AHYS) for the Year ended 30th June 2019.

Economy Review
In FY19 turned out to be tough year for financial sector. After the settlement of newly formed government, Ministry of Finance's efforts, to curtail inflationary pressures and reduce widening macroeconomic imbalances experienced the brunt of the stabilization measures implemented by them. However, SBP's estimates show that economic growth, which slowed down in FY19 will start to rise modestly in FY20. This slowdown was mostly due to lower growth in agriculture and industry. Going forward, some gradual recovery in economic activity is expected on the back of improved market sentiment in the context of the IMF supported program, a rebound in the agriculture sector and government incentives for export oriented industries.

During the Financial Year 2018-2019, there have been two notable developments. First, the government of Pakistan reached a staff-level agreement with the International Monetary Fund for 39-month long Extended Fund Facility of around US$ 6.0 billion. The program is designed to restore macroeconomic stability and support sustainable economic growth, and is expected to unlock considerable additional external financing. Second, trends in government borrowing reflect a widening fiscal deficit during the first nine months of FY19 when compared to the same period in FY18. In addition, a greater reliance on central bank financing of the deficit has acted to dilute the impact of previous monetary tightening.

In FY19, headline inflation averaged at 7.34% as compared to 3.92% in FY18. Major reason behind higher inflation remained food head led by increase in prices of both non-perishable and perishable food items. This was coupled with higher Housing and fuel prices due to which topline inflation has rose sharply in current financial year as compared to previous financial year. In FY19, SPI averaged at 5.15% as compared to 0.88% in FY18 while WPI averaged at 11.97% in comparison to 3.47% FY18.

In consideration to persistent inflationary pressures ahead, elevated fiscal deficit and although improved but still high current account deficit, SBP in its Monetary Policies announced during the period, cumulatively raised discount rate by 575bps to 12.25%. The decisions were taken in the backdrop of higher headline and core inflation, exchange rate depreciation, an elevated fiscal deficit and its increased monetization, and adjustments in utility tariffs.

On the external front, CAD significantly contracted by 31.71% to $13,587 million in FY19 against $19,897 million in FY18. CAD contracted due to 11.33% decline in trade deficit, 29.71% decline in services trade deficit and 9.68% increase in overseas workers remittances. Trade deficit contracted by 29.71% due to decline in imports by 7.34%. This was led by 13.67% decline in import of food items, 22.98% decline in machinery imports and 27.81% decline in import of vehicles and cars. On the other hands, exports during the period, remained sluggish and failed to register signs of recovery. Going forward, materialization of deferred oil facility and measures taken by government to control demand side pressures might show recovery on external front. On the other hand, rupee devaluation and relief to exporters might help lifting up textile industry, resulting in higher exports.

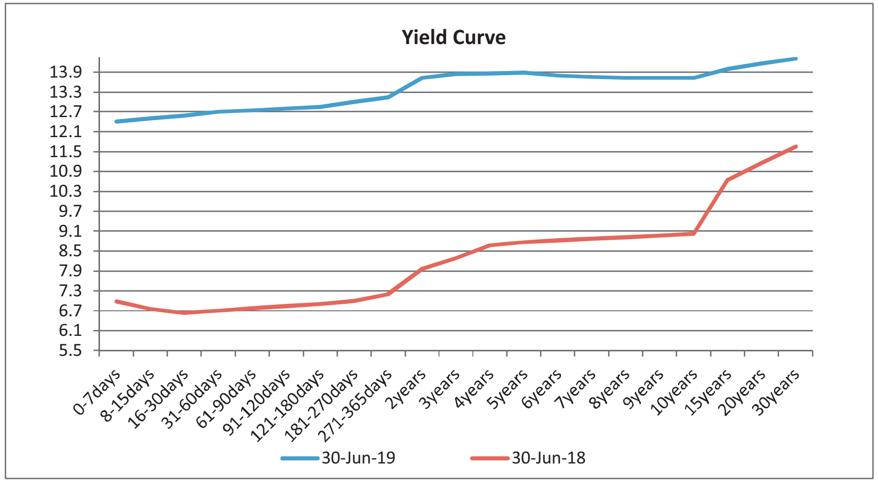
Reflecting the impact of stabilization measures taken by MoF, private sector credit growth has started to slow down. PSC expanded 11.4% during FY19 as compared to 14.8% FY18. The deceleration in credit was more pronounced in real terms as the increase in private sector credit was largely driven by higher input prices, which in turn increased the working capital needs of the businesses. This, together with higher budgetary borrowing led to a sharp increase in the net domestic assets (NDA) of the banking system. In aggregate, broad money supply (M2) grew by 12.2% in FY19 as compared to approximately 10% growth during the comparable period last year. Going forward, the composition of money supply is expected to change as NFA of the banking system is projected to improve, while the growth in NDA is likely to show substantial moderation. The major challenge for the government will still be devaluation of currency, upcoming debt repayments and higher cost of doing business.

Fixed Income Review

In FY19 secondary market yields across all tenors headed north, after incorporating the impact of hefty increase in benchmark policy rate. Yields across short term papers increased by 598bps, 602bps and 606bps and closed the period at 12.75%, 12.85% and 13.13% for 3m, 6m and 12m paper respectively. Yields across long term papers rose by 671bps, 744bps and 852bps and stood at 13.85%, 13.88% and 13.72% for 3yr, 5yr and 10yr paper respectively. Mostly, interest was witnessed in short term papers while proportioned interest was shifted towards longer tenor bonds in 3QFY19 and 4QFY19. Overall during the period, lesser activity of witnessed across the board in Money Market and participants remained cautious in the wake of continuous increase in discount rate.

In consideration to persistent inflationary pressures ahead, elevated fiscal deficit and although improved but still high current account deficit, SBP in its Monetary Policies announced during the period, cumulatively raised discount rate by 575bps to 12.25%. The decisions were taken in the backdrop of higher headline and core inflation, exchange rate depreciation, an elevated fiscal deficit and its increased monetization, and adjustments in utility tariffs.

In the treasury Bills auction conducted during the quarter, SBP raised a total of PKR 19,523 billion with last cut-off yields settling at 13.7381%, 12.6958% and 13.1500% for 3m, 6m and 12m paper respectively by June-19 end. In the PIB auction conducted for fixed rated PIBs during the period, SBP raised PKR 800 billion cumulatively with last cut-off yield settling at 13.6999%, 13.7687 and 13.6820% for 3yr, 5yr and 10yr bond respectively.



AHYS

In FY19, AHYS delivered return of 8.14% as compared to its benchmark return of 10.82%. Asset under management of the fund closed the quarter at PKR 1,231 million as compared to PKR 3,173 million in start of financial year.

In consideration to persistent inflationary pressures ahead, elevated fiscal deficit and although improved but still high current account deficit, SBP in its Monetary Policies announced during the period, cumulatively raised discount rate by 575bps to 12.25%. The decisions were taken in the backdrop of higher headline and

core inflation, exchange rate depreciation, an elevated fiscal deficit and its increased monetization, and adjustments in utility tariffs.

During the period under review, exposure against TFC(s) stood at 65.32% of the fund size and exposure against this asset class averaged at 79.35% as compared to 53.51% in FY18 and 77.03% in previous quarter. Exposure against this asset class was reduced in absolute terms during the period however increase in percentage terms is reflection of contraction in fund size. Exposure against T-Bills averaged at 0.22% while no exposure was built against PIBs during year to avoid valuation knock. During the year, exposure against TDR averaged at 2.10% as compared to 2.20% in FY18. During 1QFY19, fund took the opportunities for investment in TDRs at lucrative rates with Micro-Finance banks Remaining funds were invested as cash with A and above rated banks. Average cash exposure of the fund during the July-18 to June-19 stood at 18.33%.

Director Holding in Fund(s)

Director Name	Fund Name	July 1, 2019	Investment	Redemption	June 30, 2019
Jehangir Shah	Askari Cash Fund	1.510,625.23	114,810.19	-	1,625,671.93

Acknowledgment

We thank all our investors who have placed their confidence in us. We also offer our sincere gratitude to the Securities and Exchange Commission of Pakistan, the Trustee of the Fund and the management of the Pakistan Stock Exchange. We also wish to place on record our appreciation for the employees of the Management Company.

For and on behalf of the Board
Sadaf kazmi
Chief Executive Officer

31st August 2019
Karachi - Pakistan.

منفی کارکردگی کی اہم وجوہات میں شامل ہیں:

1۔ میکرو معاشی خدشات جن میں دوہرے خسارے کی زیادتی، فاریکس ذخائر میں کمی، گرین بیک کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی، افراط زر کے دباؤ میں اضافہ، مانیٹری سختی اور جی ڈی پی نمو رفتار میں سست روی۔

2۔ بنیادی طور پر مذکورہ بالا معاشی خدشات کی وجہ سے کارپوریٹ منافع کی کمی (7MFY19 میں 4.3 فیصد سالانہ)۔

3۔ آئی ایم ایف سے بیل آوٹ پیکیج حاصل کرنے کے بارے میں غیر یقینی صورتحال نے سرمایہ کاری کے ماحول کے ڈیمپنگ میں اہم کردار ادا کیا۔

4۔ اہم غیر ملکی فنڈز کا آوٹ فلو (مالی سال 19 کے دوران 356 ملین امریکی ڈالر) مسلسل چوتھے سال بھی جاری رہا جس کی وجہ ہم مقامی کرنسی کی کمزوری قرار دیتے ہیں۔

AHYS

مالی سال 19 میں، AHYS نے بینچ مارک منفعت 10.82 فیصد کے مقابلے میں 8.14 فیصد منفعت فراہم کی۔

سہ ماہی اختتام پر فنڈ کے زیرِ انتظام خالص اثاثے 1,231 ملین روپے رہے جو کہ مالی سال 19 کے آغاز میں 3,173 ملین روپے تھے۔

افراطِ زر کا مستقل دباؤ آگے بڑھنے کے پیش نظر، مالی خسارے میں اضافہ ہوا اور حالانکہ اس کے باوجود موجودہ کرنٹ اکاؤنٹ خسارے میں بہتری واقع ہوئی ہے، اس مدت کے دوران اپنی مانیٹری پالیسیوں میں ایس بی پی نے مجموعی طور پر ڈسکاؤنٹ کی شرح 575bb سے بڑھا کر 12.25 فیصد کر دی ہے۔ یہ فیصلے بلند ہیڈ لائن اور بنیادی افراط زر، زر مبادلہ کی شرح گراوٹ، بلند مالی خسارہ اور اضافی مونیٹائزیشن اور یوٹیلیٹی ٹیرف میں ایڈجسٹمنٹ کے پس منظر میں کئے گئے۔

زیرِ جائزہ مدت کے دوران، ٹی ایف سی (ایس) پر فنڈ کا سائز 65.32 فیصد رہا اور یہ اثاثے اوسطاً 79.35 فیصد رہے جو مالی سال 18 میں 53.51 فیصد تھے اور اس سے پچھلی سہ ماہی میں 77.03 فیصد تھے۔ یہ اثاثے غیر مشروط مدت میں کم ہوگئے تاہم اوسط مدت میں ہونے والی تبدیلیوں سے فنڈ کے سائز میں کمی کی عکاسی ہوتی ہے۔ ٹی بلوں کا سائز اوسطاً 0.22 فیصد رہا جبکہ قیمتوں میں کمی سے بچنے کے لئے سال کے دوران PIBs پر کوئی پیش رفت نہیں کی گئی تھی۔ سال کے دوران، ٹی ڈی آر کا سائز اوسطاً 2.10 فیصد رہا جبکہ مالی سال 18 میں یہ 2.20 فیصد تھا۔ 1QFY19 کے دوران، فنڈ نے مائیکرو فنانس بینکوں کے ہاں منافع بخش نرخوں پر ٹی ڈی آر میں سرمایہ کاری کے مواقع سے استفادہ کیا، باقی فنڈز کو A اور اس سے اوپر درجہ بندی کے بینکوں کے ہاں بطور نقد رقم کی سرمایہ کاری کی۔ جولائی 18 سے جون 19 کے دوران فنڈ کی اوسط نقد 18.33 فیصد موجود رہی۔

فنڈز میں ڈائریکٹر ہولڈنگ

ڈائریکٹر کا نام	فنڈ کا نام	یکم جولائی 2019ء	سرمایہ کاری	واپس وصولی	30 جون 2019ء
جہانگیر شاہ	عسکری کیش فنڈ	1,510,625.23	114,810.19	-	1,625,671.93

اظہار تشکر

ہم ان تمام سرمایہ کاروں کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا ہے۔ ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، فنڈ کے متولیان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ مخلصانہ کوششوں پر ان کے مشکور ہیں۔ منتظم کمپنی کے ملازمین کے لئے ہم اپنی ستائش ریکارڈ پر لانا چاہتے ہیں۔

برائے و منجانب بورڈ

صدف کاظمی

چیف ایگزیکٹو آفیسر

31 اگست 2019ء

کراچی۔ پاکستان

میں بہتری متوقع ہے، جبکہ این ڈی اے میں ہونے والی نمو میں کافی حد تک اعتدال نظر آنے کا امکان ہے۔ حکومت کے لئے اب بھی سب سے بڑا چیلنج کرنسی کی قدر میں کمی، آئندہ قرضوں کی ادائیگیوں اور کاروباری زیادہ اخراجات ہوگی۔

مخصوص آمدنی کا جائزہ

مالی سال 19 میں بینچ مارک پالیسی کی شرح میں بھاری اضافے کے اثرات کو شامل کرنے کے بعد، تمام مدت میں ثانوی مارکیٹ کی پیداوار میں اضافہ ہوا۔ مختصر مدتی پیپرز کی حاصلات میں 598 بی پی ایس، 602 بی پی ایس اور 606 بی پی ایس کا اضافہ ہوا اور 3 ماہ، 6 ماہ اور 12 ماہ مدت کے پیپرز میں بالترتیب 12.75 فیصد، 12.85 فیصد اور 13.13 فیصد پر بند ہوئیں۔ طویل مدتی پیپرز کی حاصلات میں 671 بی پی ایس، 744 بی پی ایس اور 852 بی پی ایس اضافہ ہوا اور 3 سالہ، 5 سالہ اور 10 سالہ پیپرز کے لئے بالترتیب 13.85 فیصد، 13.88 فیصد اور 13.72 فیصد تک بڑھ گئیں۔ زیادہ تر، انٹریسٹ مختصر مدت کے پیپرز میں دیکھا گیا ہے جبکہ متناسب انٹریسٹ 3QFY19 اور 4QFY19 میں طویل مدت کے بانڈز کی طرف منتقل ہوگیا۔ مجموعی طور پر اس عرصے کے دوران منی مارکیٹ میں بورڈ کی سرگرمیاں کم دیکھنے میں آئیں اور ڈسکاؤنٹ شرح میں مسلسل اضافے کے پیش نظر شرکاء محتاط رہے۔

افراطِ زر کا مستقل دباؤ آگے بڑھنے کے پیش نظر، مالی خسارے میں اضافہ ہوا اور حالانکہ اس کے باوجود موجودہ کرنٹ اکاؤنٹ خسارے میں بہتری واقع ہوئی ہے، اس مدت کے دوران اپنی مانیٹری پالیسیوں میں ایس بی پی نے مجموعی طور پر ڈسکاؤنٹ کی شرح 575bb سے بڑھا کر 12.25 فیصد کر دی ہے۔ یہ فیصلے اعلی ہیڈ لائن اور بنیادی افراط زر، زر مبادلہ کی شرح گراوٹ، بلند مالی خسارہ اور اضافی مونیٹائزیشن اور یوٹیلیٹی ٹیرف میں ایڈجسٹمنٹ کے پس منظر میں کئے گئے۔

سہ ماہی کے دوران منعقدہ ٹریژری بلوں کی نیلامی میں، اسٹیٹ بینک نے جون 19 کے اختتام تک 3 ماہ، 6 ماہ اور 12 ماہ کے لئے بالترتیب 13.7381 فیصد، 12.6958 فیصد اور 13.1500 فیصد پر لاسٹ کٹ آف پیداواری ہدف کے ساتھ مجموعی طور پر 19,523 بلین روپے اکھٹے کئے۔ اس عرصے کے دوران فکسڈ ریٹیڈ پی آئی بیز کے لئے منعقدہ پی آئی بی نیلامی میں، اسٹیٹ بینک نے 3 سالہ، 5 سالہ اور 10 سالہ بانڈ کے لئے بالترتیب 13.6999 فیصد، 13.7687 فیصد اور 13.6820 فیصد پر لاسٹ کٹ آف پیداواری ہدف کے ساتھ مجموعی طور پر 800 بلین روپے اکھٹے کئے۔

ایکویٹی جائزہ

مالی سال 19 میں کے ایس ای 100 انڈیکس پاکستانی روپے پر مبنی 19 فیصد کمی ظاہر کرتے ہوئے مسلسل دوسرے سال منفی ریٹرن کے ساتھ بند ہوا۔ کے ایس ای 100 انڈیکس گذشتہ دو سالوں کے دوران سب سے زیادہ سالانہ نقصان برداشت کر رہا ہے کیونکہ 2008 میں مالی بحران میں بھی ایسا ہی سلوک دیکھا گیا تھا۔

مالی سال 19 اسٹاک مارکیٹ کی تاریخ کا ایک انتہائی غیر یقینی صورتحال کے نشان تک پہنچ گیا، کئی سالوں میں معیشت کی کم ترین شرح نمو نہیں ہوئی، پاکستانی روپیہ کی امریکی ڈالر اور دیگر کرنسیوں کے مقابلے میں قدر کی کمی ہوئی، ایس بی پی کی طرف سے سود کی شرحوں میں اضافہ، ایف ایکس ذخائر کا بدترین سطح تک سکڑاؤ، موجودہ اور مالی خسارہ تاریخی اعلی سطح پر، ناموافق کارپوریٹ آمدنی، بے سود صارفین کے اخراجات، بجلی کی قیمتوں پر بھاری افراط زر اور پاکستانی روپیہ کی قدر میں کمی اور دیگر بہت ساری رکاوٹوں نے اسٹاک مارکیٹ کو نقصان پہنچایا۔

معاشی غیر یقینی صورتحال کے درمیان 4QFY19 کے دوران پاکستان کی مارکیٹ میں 12 فیصد (امریکی ڈالر کی شرائط میں 23 فیصد) کی اہم کمی دیکھنے میں آئی۔ جنوری سے جون 2019 کے دوران یہ 9 فیصد (21 فیصد امریکی ڈالر) کم ہوئی ہے۔ ختم ہونے والے مالی سال کے دوران، بینچ مارک پاکستان انڈیکس میں مسلسل دوسرے سال 19 فیصد (39%~ امریکی ڈالر) کی کمی واقع ہوئی۔ بنیادی طور پر خراب معاشی حالات اور پاکستانی روپیہ کی قدر میں کمی کی پشت پر پچھلے 2 مالی سالوں میں مارکیٹ کیپٹلائزیشن میں تیزی سے 53 فیصد کمی واقع ہوئی ہے جو بنیادی طور پر خراب معاشی حالات اور پاکستانی روپیہ کی قدر میں کمی کی وجہ سے مالی سال 19 میں 91 بلین امریکی ڈالر سے 43 بلین امریکی ڈالر رہ گئی ہے۔ مالی سال 19 کے دوران، مارکیٹ سرگرمی بھی ساکت رہی کیونکہ روزانہ کے دوران اوسط حجم 11 فیصد کی کمی سے 155mn رہ گیا، جبکہ پاکستانی روپیہ کی شرائط میں یومیہ قدر تقریباً 6.4 بلین روپے طے کی گئی، کیش مارکیٹ میں 22 فیصد کی کمی واقع ہوئی۔ مزید برآں، فیوچر مارکیٹ میں، روزانہ اوسط حجم 14 فیصد اضافے سے ~69 ملین شیئرز جبکہ روزانہ اوسط قیمت بالترتیب 19 فیصد کم ہو کر 2.7 ارب ڈالر ہوگئی۔

یونٹ ہولڈرز کو ڈائریکٹران کی رپورٹ

پاک اومان مینجمنٹ کمپنی لمیٹڈ ("منتظم کمپنی" یا "POAMCL" یا "کمپنی") کے بورڈ آف ڈائریکٹرز عسکری ہائی ییلڈ اسکیم (AHYS) کی سالانہ رپورٹ برائے مختتمہ سال 30 جون 2019 پیش کرتے ہوئے اظہارِ مسرت کرتے ہیں۔

اقتصادی جائزہ

مالی سال 19 مالیاتی شعبے کے لئے مشکل ترین سال رہا۔ نئی منتخب حکومت کی سیٹلمنٹ کے بعد، افراط زر کے دباؤ اور وسیع پیمانے پر معاشی عدم توازن کو کم کرنے کے لئے وزارت خزانہ کی کاوشوں کے ذریعہ استحکام کے اقدامات کے نفاذ کا سامنا کرنا پڑا۔ تاہم، اسٹیٹ بینک کے تخمینے سے پتہ چلتا ہے کہ مالی سال 19 میں کم معاشی نمو مالی سال 20 میں معمولی حد تک بڑھنا شروع ہو جائے گی۔ یہ سست روی زیادہ تر زراعت اور صنعت میں کم نمو کی وجہ سے تھی۔ آگے بڑھتے ہوئے، آئی ایم ایف کے حمایت یافتہ پروگرام، زراعت کے شعبے میں ایک بازگشت اور برآمدی صنعتوں کے لئے حکومتی مراعات کے تناظر میں، اقتصادی سرگرمیوں میں بتدریج بحالی کی توقع کی جا رہی ہے۔

مالی سال 2018-2019 کے دوران، دو قابل ذکر پیشرفت ہوئی ہیں۔ سب سے پہلے، حکومت پاکستان نے بین الاقوامی مالیاتی فنڈ کے ساتھ تقریباً 6.0 بلین امریکی ڈالر کی 39 ماہ کی طویل توسیعی فنڈ کی سہولت کا عملہ کی سطح پر معاہدہ کیا ہے۔ یہ پروگرام معاشی استحکام کی بحالی اور پائیدار معاشی نمو کی حمایت کے لئے تیار کیا گیا ہے، اور توقع کی جاتی ہے کہ اس میں خاطر خواہ اضافی بیرونی مالی اعانت کا اعلان کیا جائے گا۔ دوسرا، حکومت کے قرض لینے کے رجحانات مالی سال 18 کے اسی عرصے کے مقابلے میں مالی سال 19 کی پہلی نو ماہی کے دوران بڑھتے ہوئے مالی خسارے کی عکاسی کرتے ہیں۔ اس کے علاوہ، مرکزی بینک کی مالی اعانت پر خسارے کے زیادہ انحصار نے گزشتہ مانیٹری سختی کے اثرات کو کم کرنے کے لئے کام کیا ہے۔

مالی سال 19 میں، ہیڈ لائن اوسطاً افراط زر 7.34 فیصد رہا جو مالی سال 18 میں 3.92 فیصد تھا۔ افراطِ زر میں اضافے کی بڑی وجہ مہنگائی اور خراب نہ ہونے والی اشیائے خورد و نوش کی قیمتوں میں اضافہ رہی ہے۔ اس سے ہاؤسنگ اور ایندھن کی قیمتوں میں اضافہ ہوا جس کی وجہ سے پچھلے مالی سال کے مقابلہ میں موجودہ مالی سال میں افراط زر کی بالائی لائن تیزی سے اوپر کو بڑھ گئی۔ مالی سال 19 میں ایس پی آئی اوسطاً 5.15 فیصد رہا جو کہ مالی سال 18 میں یہ 0.88 فیصد تھا جبکہ ڈبلیو پی آئی اوسطاً 11.97 رہا جو کہ مالی سال 18 میں 3.47 فیصد تھا۔

افراطِ زر کا مستقل دباؤ آگے بڑھنے کے پیش نظر، مالی خسارے میں اضافہ ہوا اور حالانکہ اس کے باوجود موجودہ کرنٹ اکاؤنٹ خسارے میں بہتری واقع ہوئی ہے، اس مدت کے دوران اپنی مانیٹری پالیسیوں میں ایس بی پی نے مجموعی طور پر ڈسکاؤنٹ کی شرح 575bb سے بڑھا کر 12.25 فیصد کر دی ہے۔ یہ فیصلے اعلی ہیڈ لائن اور بنیادی افراط زر، زر مبادلہ کی شرح گراوٹ، بلند مالی خسارہ اور اضافی مونیٹائزیشن اور یوٹیلیٹی ٹیرف میں ایڈجسٹمنٹ کے پس منظر میں کئے گئے۔

بیرونی محاذ پر، مالی سال 19 میں سی اے ڈی نمایاں طور پر 31.71 فیصد کمی سے 13,587 ملین ڈالر ہو گیا جو مالی سال 18 میں 19,897 ملین ڈالر تھا۔ کرنٹ اکاؤنٹ خسارہ میں یہ کمی تجارتی خسارے میں 11.33 فیصد کمی، خدمات میں 29.71 فیصد کمی اور بیرون ملک مقیم مزدوروں کی ترسیلات زر میں 9.68 فیصد اضافے کی وجہ سے ہوئی۔ درآمدات میں 7.34 فیصد کمی کی وجہ سے تجارتی خسارہ 29.71 فیصد کم ہوا۔ اشیائے خورد و نوش کی درآمد میں 13.67 فیصد کمی، مشینری کی درآمد میں 22.98 فیصد کمی اور گاڑیوں اور کاروں کی درآمد میں 27.81 فیصد کمی کی وجہ سے کرنٹ اکاؤنٹ خسارہ میں کمی واقع ہوئی۔ دوسری طرف، اس عرصے کے دوران برآمدات، سست رہیں اور بازیابی کے آثار درج کرنے میں ناکام رہیں۔ آگے بڑھتے ہوئے، تیل کی ملتوی سہولیات کو عملی شکل دینے اور حکومت کی جانب سے طلب کے دباؤ کو کنٹرول کرنے کے اقدامات سے بیرونی محاذ پر بحالی کا امکان ظاہر ہو سکتا ہے۔ دوسری طرف، روپے کی قدر میں کمی اور برآمد کنندگان کو ریلیف ٹیکسٹائل کی صنعت کو سہارا دینے میں معاون ثابت ہو سکتا ہے، جس کے نتیجے میں برآمدات میں اضافہ ہوگا۔

ایم او ایف کی طرف سے اٹھائے گئے استحکام کے اقدامات کے اثرات کی عکاسی کرتے ہوئے، نجی شعبے میں قرضوں کی نمو سست ہونا شروع ہو گئی ہے۔ مالی سال 19 کے دوران پی ایس سی کی 11.4 فیصد توسیع ہوئی جو کہ مالی سال 18 میں 14.8 فیصد تھی۔ کریڈٹ میں کمی کو حقیقی معنوں میں زیادہ واضح کیا گیا کیونکہ نجی شعبے کے قرضوں میں اضافے کو زیادہ تر ان پٹ کی زیادہ قیمتوں سے اخذ کیا گیا تھا، جس کے نتیجے میں کاروباری ورکنگ سرمایہ کی ضروریات میں اضافہ ہوا تھا۔ اس کے ساتھ ساتھ اعلی بجٹری قرضے لینے سے بینکنگ سسٹم کے خالص ڈومیسٹک ایسٹ (این ڈی اے) میں تیزی سے اضافہ ہوا۔ مالی سال 19 میں مجموعی طور پر، براڈ منی سپلائی (M2) میں 12.2 فیصد کا اضافہ ہوا ہے جبکہ پچھلے سال کی اسی مدت کے دوران قریباً 10 فیصد اضافہ ہوا تھا۔ آگے بڑھتے ہوئے، رقم کی سپلائی کی ترکیب میں تبدیلی کی توقع کی جا رہی ہے کیونکہ بینکاری نظام کے این ایف اے

REPORT OF THE FUND MANAGER OF THE MANAGEMENT COMPANY

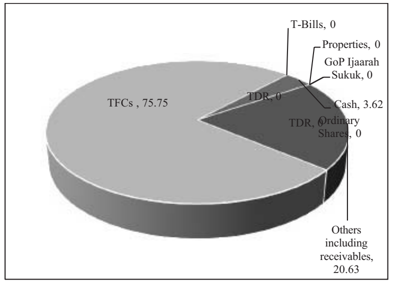
Askari Investments Management Limited, the Management Company of Askari High Yield Scheme (the Fund) is pleased to present the Fund Manager's Report of the Fund for the year ended June 30, 2019.

INVESTMENT OBJECTIVE:

The objective of the Fund is to provide investors an opportunity to make competitive returns from fixed income securities while targeting a portfolio duration of six months.

Terms and Structure

Type of Scheme	Open – End Fund
Nature of Scheme	Aggressive Fixed Income Scheme
Inception Date	March 16th, 2006
Face Value	PKR 100 per Unit
Fund Size	PKR 1,230.827 mn
NAV (Jun 30, 2019)	PKR 110.6698 per Unit
Benchmark	Average 1 Year KIBOR
Listing	Pakistan Stock Exchange
Trustee	Central Depository Company of Pakistan Limited
Auditor	EY Ford Rhodes Chartered Accountants
Legal Advisor	Junaidy & Shoaib Co
Transfer Agent	IT Minds Pvt Limited
Management Fee	1.5% p.a.
Fund Stability Rating	A by JCR-VIS
AMC Rating	AM3+ (Stable outlook) by JCR-VIS
Fund Manager	Ms Summera Shukat
Investment Committee	Mr. Jamsheed Aziz
	Mr. Adeel Shahid



Asset Allocation (% of Assets)	2017	2017
TFCs	47.48	75.75
T-Bills	6.55	-
Cash	15.40	3.62
TDR	23.60	-
Ordinary Shares	0.11	-
TDR	-	-
Properties	-	-
GoP Ijaarah Sukuk	-	-
Others including receivables	6.86	20.63

AHYS Performance

Return (FY'19)	8.14%
Benchmark (FY'19)	10.82%
Units	**# of Unit Holders**

Unit Holding Pattern

Units	# of Unit Holders
0 – 1,000	
1,001 – 50,000	
50,001 – 500,000	
500,001 – 1,000,000	
1000,001 - Above	

Return History

Year	FY14	FY15	FY16	FY17	FY18
AHYS	11.63	12.16	8.23	5.34	5.13
Benchmark	9.83	8.97	6.53	6.33	6.57

Distribution

NAV before distribution (PKR.)	110.6698
Dividend (PKR.)	8.2722
Ex NAV (PKR.)	101.9708

As per the requirement of Regulation 38A (g) of the NBFC regulations 2008, AMC on behalf of CIS did not participate in shareholder's meeting during the year.

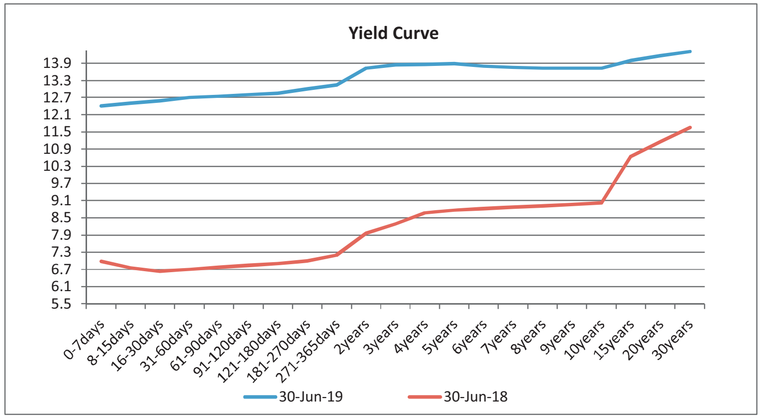
The proxy voting policy of the CIS is available on the website of the AMC and detailed information regarding actual proxies voted by the AMC in respect of the CIS is also available without charges, upon request, to all unit holders.

Fixed Income Review

In FY19 secondary market yields across all tenors headed north, after incorporating the impact of hefty increase in benchmark policy rate. Yields across short term papers increased by 598bps, 602bps and 606bps and closed the period at 12.75%, 12.85% and 13.13% for 3m, 6m and 12m paper respectively. Yields across long term papers rose by 671bps, 744bps and 852bps and stood at 13.85%, 13.88% and 13.72% for 3yr, 5yr and 10yr paper respectively. Mostly, interest was witnessed in short term papers while proportioned interest was shifted towards longer tenor bonds in 3QFY19 and 4QFY19. Overall during the period, lesser activity of witnessed across the board in Money Market and participants remained cautious in the wake of continuous increase in discount rate.

In consideration to persistent inflationary pressures ahead, elevated fiscal deficit and although improved but still high current account deficit, SBP in its Monetary Policies announced during the period, cumulatively raised discount rate by 575bps to 12.25%. The decisions were taken in the backdrop of higher headline and core inflation, exchange rate depreciation, an elevated fiscal deficit and its increased monetization, and adjustments in utility tariffs.

In the treasury Bills auction conducted during the quarter, SBP raised a total of PKR 19,523 billion with last cut-off yields settling at 13.7381%, 12.6958% and 13.1500% for 3m, 6m and 12m paper respectively by June-19 end. In the PIB auction conducted for fixed rated PIBs during the period, SBP raised PKR 800 billion cumulatively with last cut-off yield settling at 13.6999%, 13.7687 and 13.6820% for 3yr, 5yr and 10yr bond respectively.



Disclosure: Pak Oman Asset Management Company Limited (POAML), on behalf of the fund, did not participate in any proxy voting during the year due to insignificant holding.

September 20, 2019

Mr. Sumaira Shoukat
Fund Manager

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TRUSTEE REPORT TO THE UNIT HOLDERS

ASKARI HIGH YIELD SCHEME

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 Askari High Yield Scheme (the Fund) are of the opinion that Pak Oman Asset Management Company Limited being the Management Company (MC) of the Fund has in all material respects with the exception of below issues, 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.

We would like to draw unit holders' attention towards the fact that the single entity and sector exposures of the Fund in JS Bank Limited (JSBL) reached 19.06% against allowed limit of 10% and Commercial Bank Sector reached 35.53% against allowed limit of 25% of the net assets; thus the Fund is in non–compliance of Regulations 55(5) and 55(9) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 respectively.

We have taken up the issue with the Management Company and were informed that such breaches occurred due to decrease in net assets of the Fund and they are unable to dispose off excess exposures due to the unavailability of competitive bid in the market.

Moreover, the MC has taken over the commercial property in settlement of defaulted TFC's issued by PACE Pakistan Limited on conditional approval of the SECP to dispose off the property before November 22, 2018. This condition has not been fulfilled by MC up to the date of signing of this report.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2019

CENTRAL DEPOSITORY COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Unit holders of Askari High Yield Scheme

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Askari High Yield Scheme** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2019**, and the income statement, statement of comprehensive income, cash flows 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.

Based on our audit, except for the effects of the matter described below nothing has come to our attention that causes us to believe that the accompanying financial statements, its financial performance and its cash flows for the year then ended are not prepared, in all material aspects, in accordance with accounting and reporting standards applicable in Pakistan.

Basis for Opinion

As fully explained in note 9.1.3 of the financial statements, the Fund has made provision against the Term Finance Certificates (TFC) of Summit Bank Limited based on the number of days default after classification as non-performing. The final installment due against the TFC on October 27, 2018 was not received by the Fund and the TFC was categorized as non-performing. In accordance with the requirements of Circular 33 dated October 24, 2012 issued by the Securities and Exchange Commission of Pakistan (SECP), installments of principal amount in default during the period of non-performance shall be fully provided. Had the full provision been made against TFC of Summit Bank Limited, the amount shown as "Investments" would have been lower by Rs. 15.249 million and profit before taxation and provision for Sindh Workers' Welfare Fund (SWWF) would have been lower by Rs. 14.944 million and Rs. 0.304 million respectively. The net assets value of the Fund would also have been lower by Rs.15.249 million and consequently the number of units issued and redeemed during the period would have been different. These consequential effects have not been quantified as it was not practicable to do so.

As fully explained in note 12.1 of the financial statements, last year, the Fund acquired a commercial property in settlement of a term finance certificate as allowed by SECP vide its letter No.SCD/AMCW/AIML/149/2017 dated November 22, 2017, subject to certain conditions mentioned in the aforesaid letter. The title of the property was transferred in the name of Trustee of the Fund through a transfer deed dated March 01, 2018. The Fund is required to dispose off the property within 12 months and recognise the same as Non-Current Assets Held-for-Sale under the requirements of IFRS 5.The property was recorded as a Non-Current Asset classified as 'held-for-sale', at its fair value determined as at the date of initial measurement. The Management company has applied to the SECP to allow extension in the period initially allowed for the disposal of the property and has also sought the approval to carry the property at fair value. The Management Company is committed to sell the property at the earliest available suitable opportunity in the best interest of the unit holders. During the year, a revaluation gain of Rs.12.902 million was recorded on this property. Had the fair value gain not been recognised, the non-current asset held-for-sale, profit before taxation and provision for Sindh Workers' Welfare Fund (SWWF) would have been lower by Rs 12.9 million, Rs 12.9 million and Rs 0.258 million respectively. The net assets value of the Fund would also have been lower by Rs 12.9 million.

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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:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of Debt Securities	
As disclosed in note 9 to the accompanying financial statements of the Fund for the year ended 30 June 2019, the investments held by the Fund comprised of listed and unlisted debt securities which represent 64.59% of the total assets of the Funds as at the year end. In view of the significance of investment in relation to the total assets and the Net Asset Value (NAV) of the Fund, we have considered the existence and valuation of such investments as a key audit matter.	We performed a combination of audit procedures focusing on the existence and valuation of 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 Custodian's statement and related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Mutual Fund Association of Pakistan as at 30 June 2019. - 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.

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-: 2 :-

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.

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.

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-: 3 :-

- 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.

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 Omer Chughtai.

Chartered Accountants

Date:

Karachi

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STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		----------(Rupees)----------	
ASSETS			
Balances with banks	7	**396,593,348**	481,766,940
Term deposit receipts	8	**-**	450,000,000
Investments	9	**857,037,188**	2,013,116,749
Accrued profit, prepayments, advances and other receivables	10	**30,382,767**	104,998,161
Receivables against sale of investments		**-**	201,804,725
Security deposits	11	**3,850,000**	3,850,899
Non-current assets classified as 'held-for-sale'	12	**39,030,000**	26,127,415
Total assets		**1,326,893,303**	3,281,664,889
LIABILITIES			
Payable to Management Company	13	**62,428,584**	55,702,544
Payable to Trustee	14	**164,382**	335,494
Payable to Securities and Exchange Commission of Pakistan	15	**1,458,381**	2,642,429
Dividend payable		**9,562,507**	88,640,509
Accrued expenses and other liabilities	16	**22,452,105**	20,620,130
Total liabilities		**96,065,959**	167,941,106
Contingencies and Commitments	17		
NET ASSETS		**1,230,827,344**	3,113,723,783
UNIT HOLDERS' FUND (as per statement attached)		**1,230,827,344**	3,113,723,783
		(Number of units)	
NUMBER OF UNITS IN ISSUE		**12,070,396**	30,542,095
		----------(Rupees)----------	
NET ASSET VALUE PER UNIT		**101.9708**	101.9486

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

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		----------(Rupees)----------	
INCOME			
Profit on bank balances and term deposit receipt		**34,428,100**	93,239,789
Income from government securities		**2,473,163**	12,270,525
Mark-up on term finance and sukuks certificates		**150,581,244**	142,707,689
Income from marginal trading system		**-**	5,302,153
Reversal of provision on settlement against debt securities		**-**	26,127,415
Capital gain on sale of investments - net		**2,168,351**	(7,530,426)
Unrealised (depreciation) / appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss' - net		**(2,026,725)**	(4,666,386)
Dividend Income		**-**	2,415,600
		141,625	(9,781,212)
Other income		**12,952,475**	48,276
Total income		**200,576,607**	**269,914,635**
EXPENSES			
Remuneration of Management Company		**29,168,105**	52,848,648
Sindh sales tax on the Management Company's remuneration		**3,791,854**	6,870,324
Accounting and operation charges		**1,939,133**	3,523,243
Remuneration of Trustee		**2,828,231**	4,344,575
Annual fee to the Securities and Exchange Commission of Pakistan		**1,458,405**	2,642,432
Securities transaction costs		**1,135,776**	2,751,523
Settlement and bank charges		**116,957**	81,921
Auditors' remuneration	18	**799,790**	1,033,560
Amortization of premium on PIBs		**-**	345,171
Fees and subscription		**366,500**	369,500
Printing charges		**104,138**	210,002
Advertisment & Selling Expenses		**7,756,532**	4,452,238
Provision for Sindh Workers' Welfare Fund		**2,866,739**	3,775,154
Provision against Debt Securities		**7,679,305**	-
Legal and professional charges		**94,942**	1,177,558
		60,106,406	84,425,849
Net income from operating activities		**140,470,201**	185,488,786
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		**-**	-
Net income for the year before taxation		**140,470,201**	185,488,786
Taxation		**-**	-
Net income for the year after taxation		**140,470,201**	185,488,786
Earnings per unit			
Allocation of Net income for the period:			
- Net income for the period after taxation		**140,470,201**	185,488,786
- Income already paid on units redeemed		**(69,043,553)**	(63,668,257)
		71,426,648	121,820,529
Accounting income available for distribution:			
- Relating to capital (losses) / gains		**141,625**	(12,196,812)
- Excluding capital (losses) / gains		**71,285,022**	134,017,341
		71,426,648	121,820,529

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

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer | **Chief Financial Officer** | **Director**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	------------(Rupees)------------	
Net income for the year after taxation	**140,470,201**	185,488,786
Other comprehensive income	**-**	-
Total comprehensive income for the period	**140,470,201**	185,488,786

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

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer | **Chief Financial Officer** | **Director**

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED 30 JUNE 2019

	2019			2018		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	---------- (Rupees) ----------			---------- (Rupees) ----------		
Net assets at beginning of the year						
[Rs.101.9486 per unit] (2018: Rs. 101.6733 per unit)	3,062,824,834	50,898,949	3,113,723,783	2,819,529,052	76,785,449	2,896,314,501
Issuance of **18,597,771** (2018: 48,443,294) units						
- Capital value (at net asset value per unit at the beginning of the year)	1,896,010,054	-	1,896,010,054	4,925,389,564	-	4,925,389,564
- Element of income	77,283,032	-	77,283,032	187,848,433	-	187,848,433
Total proceeds on issuance of units	1,973,293,086	-	1,973,293,086	5,113,237,997	-	5,113,237,997
Redemption of **37,069,471** (2018: 47,476,705) units						
- Capital value (at net asset value per unit at the beginning of the year)	4,023,357,988	-	4,023,357,988	4,827,113,270	-	4,827,113,270
- Amount paid out of element of income			-	-		
- Relating to 'net income for the year after taxation'	-	(69,043,553)	(69,043,553)	-	63,668,257	63,668,257
- Relating to 'other comprehensive income for the year'	-	-	-	-	-	-
- Refund on units as element of income	(53,031,642)	-	(53,031,642)	42,828,945	-	42,828,945
Total payments on redemption of units	3,970,326,346	(69,043,553)	3,901,282,793	4,869,942,215	63,668,257	4,933,610,472
Total comprehensive income for the year	-	140,470,201	140,470,201	-	185,488,786	185,488,786
Distribution during the year	-	(95,376,933)	(95,376,933)	-	(147,707,029)	(147,707,029)
Net income for the year less distribution	-	45,093,268	45,093,268	-	37,781,757	37,781,757
Net assets at end of the year	1,065,791,574	165,035,770	1,230,827,344	3,062,824,834	50,898,949	3,113,723,783
[Rs. 101.9708 per unit]						
			-- (Rupees) --			-- (Rupees) --
Net assets value per unit at beginning of the year			101.9486			101.6733
Net assets value per unit at end of the year			101.9708			101.9486

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

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer | Chief Financial Officer | Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		----------(Rupees)----------	
Net income for the year before taxation		**140,470,201**	185,488,786
Adjustments for:			
Unrealised depreciation / (appreciation) on remeasurement of investments classified as 'financial assets at fair value through profit or loss' - net		**2,026,725**	4,666,386
Capital loss on sale of investments - net		**(2,168,351)**	7,530,426
Reversal of provision against Workers Welfare Fund		**-**	-
Reversal of provision on settlement against debt securities		**-**	(26,127,415)
Provision against Workers Welfare Fund		**2,866,739**	3,775,154
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		**-**	-
		2,725,113	(10,155,449)
(Increase) / decrease in assets			
Receivable against Margin Trading System		**-**	899,974,384
Investments - net		**1,156,221,186**	(373,839,250)
Receivable against sale of Investments		**201,804,725**	129,531,890
Non-current assets classified as 'held-for-sale'		**(12,902,585)**	(26,127,415)
Security deposits		**899**	(899)
Accrued profit, prepayments, advances and other receivables		**74,615,394**	(724,207)
		1,419,739,619	628,814,502
Increase / (decrease) in liabilities			
Payable to Management Company		**6,726,040**	7,615,845
Payable to the Central Depository Company of Pakistan Limited - Trustee		**(171,112)**	(18,911)
Payable to the Securities and Exchange Commission of Pakistan		**(1,184,048)**	(912,969)
Payable against conversion of units		**-**	(747,096,952)
Accrued expenses and other liabilities		**(80,112,766)**	(2,727,083)
		(74,741,886)	(743,140,070)
Net cash genearted from operating activities		**1,488,193,047**	61,007,769
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts from issue of units		**1,972,138,058**	5,133,237,997
Payments against redemption of units		**(3,900,127,764)**	(4,953,610,472)
Cash distribution paid		**(95,376,933)**	(147,707,029)
Net cash generated from / (used in) financing activities		**(2,023,366,639)**	31,920,496
Net increase / (decrease) in cash and cash equivalents		**(535,173,592)**	92,928,265
Cash and cash equivalents at the beginning of the period		**931,766,940**	838,838,675
Cash and cash equivalents at the end of the period	17	**396,593,348**	931,766,940

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

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer | Chief Financial Officer | Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Askari High Yield Scheme (the Fund) was established under a Trust Deed executed between Askari Investment Management Limited (a wholly owned subsidiary of Askari Bank Limited) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee on 5 December 2005. The Trust Deed was executed in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund was registered by the Securities and Exchange Commission of Pakistan (SECP) as a Notified Entity in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) on 19 February 2009.

Pak Oman Asset Management Company Limited (POAMCL) acquired 100% shares of Askari Investment Management Limited (AIML) from Askari Bank Limited on 31 May 2017 under share purchase agreement dated 10 April 2017. The acquisition was approved by the SECP vide its letter dated 06 April 2017. Further, AIML in its board meeting held on 31 May 2017 has approved amalgamation of AIML with and into POAMCL. The scheme was also approved by the shareholders of AIML in Extra Ordinary General Meeting held on 21 June 2017.

The SECP on vide its letter No. SCD/AMCW/MERGER/AIML-POAMCL/102/2017 dated 13 October 2017 sanctioned the scheme of merger of AIML with and into POAMCL effective 12 October 2017, resultantly AIML stands amalgamated with and into POAMCL. Further the rights of AIML to manage the CISs stood transferred to POAMCL.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered and Head Office of the Management Company is situated at 1st Floor, Tower A, Finance and Trade Center (FTC), Main Shahrah-e-Faisal, Karachi.

The Fund is an open-end collective investment scheme categorised as an 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on Pakistan Stock Exchange limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 100 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The objective of the Fund is to provide investors an opportunity to make competitive returns from fixed income securities while targeting a portfolio duration of six months.

The Pakistan Credit Rating Agency (PACRA) has assigned stability rating of A(f) to the Fund as at 06 March 2019 and management quality rating of AM3+ to the Management Company as at 28 August 2018.

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

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Such Standards comprises of:

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

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

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

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

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this financial information gives a true and fair view of the state of the Fund's affairs as at 30 June 2019.

2.2 IFRS 9: Financial Instruments

Effective from 1 July 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

1) Debt instruments at amortised cost

2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition

3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition

4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39. Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Fund's business model was made as at the date of initial application i.e. 01 July 2018.

As a result of the above assessment, the management has concluded that all the investments in debt securities will continue to be classified as financial instruments 'At Fair Value Through Profit or Loss' as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Fund.

Investments in commercial paper, letter of placements (LOP), term deposit receipts and other similar investments are classified at Amortised cost as such these investments are short term in nature, not managed on a fair value basis and fall under SPPI criterion in accordance with the objectives of the fund.

The SECP vide its letter dated 21 November 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Accordingly, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than debt securities i.e. bank balances and other financial assets and concluded that the impact is not material to the condensed interim financial statements.

3. BASIS OF PREPARATION

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are accounted for as stated in note 4.2 below.

3.2 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency and are rounded to the nearest rupees.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied except for as disclosed in note 2.2 and 4.1.

4.1 New / Revised Standards, Interpretations and Amendments

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

IFRS 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

IFRS 15 - Revenue from Contracts with Customers

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

IFRS 1 - First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

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 IFRS 9. The impact of adoption of IFRS 9 is given in note 2.2.

4.2 Financial Assets

In the current period the fund has adopted IFRS 9 Financial instruments. See note 2.2 for an explanation of the impact. Comparative figures for the year ended June 30, 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

4.2.1 Policy from July 01, 2018

Policy under IFRS 9

Classification

Debt instruments

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes is classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument 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.

Business model assessment

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

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

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

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

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

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

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

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

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

Equity instruments

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

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

Initial Measurement

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

Subsequent Measurement

Debt instruments at Amortized Cost

After initial measurement, such debt instruments are subsequently measured at amortised cost.

Equity instruments at FVOCI (Policy applicable from July 01, 2018)

Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument-by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets (equity and debt instruments) at fair value through profit or loss

Financial assets (both equity and debt) at FVTPL are recorded in the statement of financial position at fair value.

Changes in fair value are recorded in profit and loss. Interest earned on debt instruments designated at FVTPL is accrued in interest income, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established."

4.2.2 Policy till 30 June, 2018

Before July 01, 2018, the Fund classified its investments as follows:

Financial assets

Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. The financial assets of the Fund are, currently, categorised as follows:

a) Financial assets at fair value through profit or loss

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

(b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

(c) Available-for-sale financial assets

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) 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 the liquidity or change in price.

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.

Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are expensed out in the Income Statement.

Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial assets at fair value through profit or loss and available-for-sale financial assets

- Basis of valuation of debt securities

The investment of the Fund in debt securities (comprising any security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital and includes term finance certificates, bonds, debentures, sukuks and commercial papers etc.) is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of the rates the MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

- Basis of valuation of government securities

The investments of the Fund in Ijara sukuks issued by the Government of Pakistan (GoP Ijara 'sukuks) are valued on the basis of rates announced by the Financial Markets Association of Pakistan. The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Market Association of Pakistan.

- Basis of valuation of equity securities

The investments of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising on changes in the fair values of 'financial assets at fair value through profit or loss' are taken to the income statement.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in the other comprehensive income is shown as part of net income for the year.

b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. For available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is reclassified from the statement of comprehensive income to the income statement.

For financial assets classified as 'loans and receivable', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is measured as the difference between the asset's carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

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.

Derivatives

Derivative financial instruments are initially recognised at fair value. Subsequent to initial measurement each derivative financial instrument is remeasured to its fair value as at that day. The resultant gain or loss is recognised in the income statement.

4.3 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost. These include balances with banks and other short-term highly liquid investments with original maturities of three months or less.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

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

4.5 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 where there is a legally enforceable right to set off the recognised amount and there is an intention to settle on net basis, or to realise the assets and settle the liabilities simultanously.

4.6 Collateral

Cash collateral provided by the Fund is identified in the statement of assets and liabilities as margin cash and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its statement of assets and liabilities separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements.

4.7 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the provisions contained in the NBFC Regulations.

4.8 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.

4.9 Net asset value per unit

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

4.10 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the Second Schedule of the 'Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed among the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

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.

4.11 Proposed distributions

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

4.12 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received during business hours on that date. The offer price represents the Net Asset Value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company as processing fee. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, applicable to units for which the redemption applications are received during business hours on that day. The redemption price represents the Net Asset Value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

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

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemptions.

The element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed to the extent that it is represented by income earned during the year is recognised in income statement and to the extent that it is represented by unrealised appreciation / (diminution) arising during the year on available for sale securities is included in distribution statement.

4.14 Revenue recognition

- Profit on savings and term deposits and money market placements is recognised taking into account the effective yield.

- Income on debt and government securities is recognised taking into account the effective yield.

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

- Rental income on properties held-for-sale is recognised on an accrual basis.

- Income on reverse repo arrangements is recognised on an accrual basis.

- Unrealised gains / (losses) on remeasurement of investments classified as 'financial assets at fair value through profit or loss ' are included in the Income Statement in the period in which they arise.

- Element income on issue and repurchase of units is recognised when the units are issued and redeemed at the transaction date.

4.15 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee and annual fee payable to the SECP and etc.) are recognised in the income statement on an accrual basis.

4.16 Foreign currency translation

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

4.17 Non-current assets classified as 'held-for-sale'

Non-current assets classified as 'held-for-sale' are those assets that meet the criteria of IFRS 5 - Non-current assets held for sale and discontinued operations. These are measured at the lower of carrying value and fair value less costs to sell.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 4.2 and 4.8 to the financial statements.

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Previously held interest in joint operation	January 01, 2019
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	January 01, 2019
IFRS 9 Financial instruments – Prepayment Features with Negative Compensation (Amendments)	January 01, 2019

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements: Previously held interest in joint operation	January 01, 2019
IFRS 16 - Leases	January 01, 2019
IAS 1/ IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019

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

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

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
- IFRS 17 - Insurance Contracts	January 1, 2021

7. BALANCES WITH BANKS

	Note	30 June 2019	30 June 2018
		--------Rupees--------	
In savings accounts	7.1	**396,593,348**	481,766,940

7.1 These carry profit at rates ranging from 3.75 % to 11.50% per annum (30 June 2018: 3.75% to 7.50% per annum).

8. TERM DEPOSIT RECEIPTS

	Note	30 June 2019	30 June 2018
Performing		---Rupees---	
Khushhali MicroFinance Bank		-	150,000,000
NRSP MicroFinance Bank Limited		-	300,000,000
		-	450,000,000
Non - Performing			
Trust Investment Bank Limited	8.1	**129,111,798**	129,111,798
Saudi Pak Leasing Company Limited	8.1	**13,500,000**	13,500,000
		142,611,798	142,611,798
Provision held at the beginning of the year		**(142,611,798)**	(142,611,798)
		-	450,000,000

8.1 The facilities have been classified as non performing and have been fully provided in accordance with the Fund's provisioning policy.

9 INVESTMENTS

	Note	30 June 2019	30 June 2018
Financial assets at fair value through profit or loss - held for trading		---Rupees---	
Government securities			
- Market Treasury Bills	9.1.1.1	-	-
Debt securities			
- Term finance certificates - listed	9.1.2.1	**198,020,760**	472,883,189
- Term finance certificates - unlisted	9.1.2.2	**507,256,481**	631,527,480
- Sukuk Certificates - listed	9.1.2.3	**114,687,037**	789,899,217
- Sukuk certificates - unlisted	9.1.2.4	**37,072,910**	118,806,863
		857,037,188	2,013,116,749
		857,037,188	**2,013,116,749**

9.1 Financial assets at fair value through profit or loss - held for trading

9.1.1 Government securities

9.1.1.1 Market Treasury Bills

Issue Date	Tenor	Face Value: As at 1 July 2018	Face Value: Purchased during the year	Face Value: Sold/ matured during the year	Face Value: As at 30 June 2019	Balance as at 30 June 2019: Carrying value	Balance as at 30 June 2019: Market value	Balance as at 30 June 2019: (Diminution) / appreciation	Market value as a percentage of net assets
						(Rupees)			
19-Jul-18	03 Month	-	39,000,000	39,000,000	-	-	-	-	-
2-Aug-18	03 Month	-	300,000,000	300,000,000	-	-	-	-	-
11-Oct-18	03 Month	-	435,000,000	435,000,000	-	-	-	-	-
6-Dec-18	03 Month	-	814,000,000	814,000,000	-	-	-	-	-
17-Jan-19	03 Month	-	400,000,000	400,000,000	-	-	-	-	-
25-Apr-19	03 Month	-	45,000,000	45,000,000	-	-	-	-	-
Total - 30 June 2019		**-**	**2,033,000,000**	**2,033,000,000**	**-**	**-**	**-**		
Total - 30 June 2018		-	-	-	-	-	-	-	-

9.1.1.2 Pakistan Investment Bond

Issue Date	Tenor	Face value: As at 1 July 2018	Face value: Purchased during the year	Face value: Sold/ matured during the year	Face value: As at 30 June 2019	Balance as at 30 June 2019: Carrying value	Balance as at 30 June 2019: Market Value	Percentage of: Total Investment	Percentage of: Net Assets
		(Rupees)							
12-Jul-18	3 Year - PIBs	-	200,000,000	200,000,000	-	-	-	-	-
		-	**200,000,000**	**200,000,000**	**-**	**-**	**-**	**-**	**-**

9.1.2 Debt securities

9.1.2.1 Term Finance Certificates - listed

Name of Investee Company	Number of certificates: As at 1 July 2018	Purchased during the year	Sold/ matured during the year	As at 30 June 2019	Balance as at 30 June 2019: Carrying value	Provision held	Market value	(Diminution) / appreciation	Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
					(Rupees)						
Bank Alfalah Limited (20-Feb-13)	2,800	-	2,800	-	-	-	-	-	-	-	-
Soneri Bank Limited (8-July-15)	38,205	-	38,205	-	-	-	-	-	-	-	-
MCB Bank Limited (19-Jun-14)	13,300	-	13,300	-	-	-	-	-	-	-	-
* Trust Investment Bank Limited (04-July-08)	10,000	-	-	10,000	14,056,875	(14,056,875)	-	-	-	-	-
JS Bank Limited (29-Dec-17)	2,000	200	200	2,000	199,690,107	-	198,020,760	(1,669,347)	16.09%	23.11%	10%
Worldcall Telecom Limited (07-Oct-08)	4,200	-	4,200	-	-	-	-	-	-	-	-
Total - 30 June 2019					**213,746,982**	**(14,056,875)**	**198,020,760**	**(1,669,347)**			
Total - 30 June 2018					497,548,056	(19,835,994)	472,883,189	(4,828,873)			

* As at 30 June 2019, trade rates of these instruments were not quoted on MUFAP.

9.1.2.2 Term Finance Certificates - unlisted

Name of Investee Company	Number of certificates				Balance as at 30 June 2019				Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at 1 July 2018	Purchased during the year	Sold/ matured during the year	As at 30 June 2019	Carrying value	Provision held	Market value / Book value	(Diminution) / appreciation			
					---------- (Rupees) ----------						
* Agritech Limited 5th issue (1-Jul-11)	2,375	-	-	2,375	11,875,000	(11,875,000)	-	-	-	-	-
* Agritech Limited (29-Nov-07)	12,000	-	9,000	3,000	59,952,000	(59,952,000)	-	-	-	-	-
* Azgard Nine Limited 3rd issue (4-Dec-07)	6,000	-	-	6,000	13,007,615	(13,007,615)	-	-	-	-	-
* Dewan Cement Limited (14-Jan-08)	25,000	-	-	25,000	125,000,000	(125,000,000)	-	-	-	-	-
* New Allied Electronics Industries (Pvt) Ltd ('	5,000			5,000	10,221,616	(10,221,616)	-	-	-	-	-
* Summit Bank Limited (27-Oct-11) (Note 9.1.	5,000	-	-	5,000	25,008,600	(9,679,305)	15,249,759	(79,536)	1.24%	1.78%	
Water And Power Development Authority (2	5,000	-	5,000	-	-	-	-	-	-	-	-
JS Bank Limited (14-Dec-16)	9,400	3,600	4,000	9,000	45,134,828	-	45,149,700	14,872	3.67%	5.27%	1.50%
The Bank of Punjab (23-Dec-2016)	2,125	-	-	2,125	213,829,397	-	210,217,697	(3,611,700)	17.08%	24.53%	8.49%
TPL Corporation Limited (19-Dec-17)	1,200	-	-	1,200	40,122,876	-	39,919,688	(203,188)	3.24%	4.66%	3.33%
U MicroFinance Bank Limited (30-Jun-2017	12,000	-	-	12,000	61,018,475	-	65,863,387	4,844,912	5.35%	7.69%	9.99%
Jahangir Siddiqui & Company Limited (18-J	30,000	-	-	30,000	132,845,698	-	130,856,250	(1,989,448)	10.63%	15.27%	8.75%
Total - 30 June 2019					738,016,105	(229,735,536)	507,256,481	(1,024,088)			
Total - 30 June 2018					849,011,293	(220,056,231)	631,527,480	2,572,418			

* As at 30 June 2019, trade rates of these instruments were not quoted on MUFAP.

Have a face value of Rs.100,000
As at 30 June 2019, trade rates of these instruments were not quoted on MUFAP
Have a face value of Rs. 4,997

9.1.2.3 Sukuk certificates - listed

Name of Investee Company	Number of certificates				Balance as at 30 June 2019			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at 1 July 2018	Purchased during the year	Sold/ matured during the year	As at 30 June 2019	Carrying value	Market value	(Diminution) / appreciation		
					---------- (Rupees) ----------				
(Certificates having a face value of Rs. 100,000 each unless stated)									
K-Electric Limited - Sukuk (17-Jun-2015)	18,432	-	18,432	-	-	-	-	-	-
Dawood Hercules Corporation Limited (1-Mar-18)	3,600	-	2,707	893	89,357,688	89,121,400	(236,288)	7.24%	10.40%
Dawood Hercules Corporation Limited (16-Nov-17)	590	230	535	285	25,598,019	25,565,637	(32,382)	2.08%	2.98%
Byco Petroleum Pakistan Limited	1,190	1,100	2,290	-	-	-	-	-	-
Total - 30 June 2019					114,955,707	114,687,037	(268,670)		
Total - 30 June 2018					791,966,640	789,899,217	(2,067,423)		

Have a face value of Rs. 1,000,000
Have a face value of Rs. 4,000

9.1.2.4 Sukuk certificates - unlisted

Name of Investee Company	Number of certificates				Balance as at 30 June 2019				Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at 1 July 2018	Purchased during the year	Sold/ matured during the year	As at 30 June 2019	Carrying value	Provision held	Market value	(Diminution) / appreciation			
					---------- (Rupees) ----------						
* Security Leasing Company Limited II	8,000	-	-	8,000	8,710,139	(8,710,139)	-	-	0.00%	0.00%	0.00%
(19-Sept-2007)	2,700	-	2,700	-	-	-	-	-	0.00%	0.00%	0.00%
International Brands Limited (15-Nov-2017)	25	10	-	35	36,137,500	-	37,072,910	935,410	3.01%	4.33%	5.83%
TPL Corporation Limited (13-Apr-2016)											
Total - 30 June 2019					44,847,639	(8,710,139)	37,072,910	935,410			
Total - 30 June 2018					127,870,139	(8,710,139)	118,806,863	(353,137)			

* As at 30 June 2019, trade rates of these instruments were not quoted on MUFAP.

9.1.2.5 The constitutive documents of the Fund require that the securities of the Fund should not be rated lower than A minus (A-). As at 30 June 2019, the following securities are non-compliant with the aforementioned requirement and have been disclosed in accordance with the provisions contained in circular 16 of 2010:

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held (if any)	Value of investment after provisioning	% of net assets	% of total assets	Rating
		---------- (Rupees) ----------					
Agritech Limited (01-Jul-11)	Term finance certificates - unlisted	11,875,000	11,875,000	-	-	-	NPA
Agritech Limited (29-Nov-07)	Term finance certificates - unlisted	59,952,000	59,952,000	-	-	-	NPA
Azgard Nine Limited (04-Dec-07) -	Term finance certificates - unlisted	13,007,615	13,007,615	-	-	-	NPA
Dewan Cement Limited	Term finance certificates - unlisted	125,000,000	125,000,000	-	-	-	NPA
New Allied Electronics Industries (Private) Limited (15-May-07)	Term finance certificates - unlisted	10,221,616	10,221,616	-	-	-	NPA
Summit Bank Limited (27-Oct-11)	Term finance certificates - unlisted	24,929,064	9,679,305	15,249,759	1.24	1.15	NPA
Trust Investment Bank Limited (04-Jul-08)	Term finance certificates - listed	14,056,875	14,056,875	-	-	-	NPA
Security Leasing Corporation Limited (19-Nov-07)	Sukuk certificates - unlisted	8,710,139	8,710,139	-	-	-	NPA

9.1.2.6 Significant terms and conditions of debt securities outstanding as at the 30 June 2019

	Number of Certificates	Redeemable face value	Mark-up rate per annum	Maturity date	Secured/ Unsecured	Rating
Term Finance Certificates - listed		(Rupees)				
Trust Investment Bank Limited (04-July-08)	10,000	1,250	6 months KIBOR + 1.85%	04 July 2013	Unsecured	NPA
JS Bank Limited (29-12-17)	2,000	99,940	6 months KIBOR + 1.40%	29 December 2024	Unsecured	A+
Term Finance Certificates - unlisted						
Agritech Limited 5th issue (1-July-2011)	2,375	4,999	Fixed	01 January 2015	Secured	NPA
Agritech Limited (29-Nov-2007)	3,000	4,999	6 months KIBOR + 1.75%	29 November 2014	Secured	NPA
Azgard Nine Limited 3rd issue (4-Dec-2007)	6,000	4,496	6 months KIBOR + 2.25%	04 December 2014	Secured	NPA
Azgard Nine Limited 5th issue (28-Jun-12)	1,972	5,000	Fixed	31 March 2017	Secured	NPA
New Allied Electronics Industries (Private) Limited (15-May-2007)	5,000	1,250	3 months KIBOR + 3.00%	15 May 2011	Secured	NPA
JS Bank Limited (14-Dec-2016)	9,000	4,995	6 months KIBOR + 1.40%	16 December 2023	Secured	A+
The Bank of Punjab (23-12-2016)	2,125	99,900	6 months KIBOR + 1.00%	23 December 2026	Unsecured	AA-
TPL Corporation Limited (19-Dec-2017)	1,200	33,333	3 months KIBOR + 1.50%	19 December 2019	Secured	AA-
U MicroFinance Bank Limited (30-Jun- 2017)	12,000	4,996	6 months KIBOR + 3.50%	30 June 2024	Unsecured	A
Jahangir Siddiqui & Company Limited (18-07-17)	30,000	4,375	6 months KIBOR + 1.40%	18 July 2022	Secured	AA+
Summit Bank Limited (27-10-11)	5,000	4,985	6 months KIBOR + 3.25%	27 October 2018	Secured	NPA
Sukuks Certificates - listed						
Dawood Hercules Corporation Limited (16-Nov-17)	285	90,000	3 months KIBOR + 1.00%	16 November 2022	Secured	AA
Dawood Hercules Corporation Limited (01-Mar-18)	893	100,000	3 months KIBOR + 1.00%	01 March 2023	Secured	AA
Sukuks Certificates - unlisted						
Security Leasing Company Limited II (19-Sept-2007)	8,000	1,710	1 month KIBOR + 1.95%	19 September 2022	Secured	NPA
TPL Corporation Limited (13-04-2016)	35	1,000,000	12 months KIBOR + 3.00%	12 April 2021	Secured	A+

The term finance certificate and sukuk certificate held by the Fund are generally secured against hypothecation of stocks and receivable and mortgage / pledge of fixed assets of the issuers.

9.1.3 The Term Finance Certificates (TFC) of Summit Bank Limited had an original maturity of October 27, 2018. The principal amount due on October 27, 2018 amounting to Rs. 24.925 million was not received by the Fund. The TFC was classified as non-performing by the Mutual Funds Association of Pakistan (MUFAP) on November 13, 2018 in accordance with the criteria given in SECP's circulars 33 and 35 dated October 24, 2012 and November 26, 2012 respectively. The Management Company has been providing minimum provision of principal amounting to Rs. 9.679 million based on number of days default after classification as non-performing (i.e. with effect from November 13, 2018) as per timelines given in above SECP circulars in the best interest of unit holders to avoid rapid fluctuation in the daily NAV of the Fund. The management has assessed that the full provision of any installment of principal amount in arrears during the period of non-performance needs to be looked at separately. Furthermore, profit on installment accrued before classification of the TFC as non-performing has been reversed and no further markup is being accrued on balance amount net of provision.

10. ACCRUED PROFIT, PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES

	30 June 2019	30 June 2018
	(Rupees)	
Profit receivable on term deposit and money market placements	-	30,214,726
Prepaid expenses	-	679,896
Withholding tax	**11,970,733**	8,538,042
Profit receivable on balances with banks	**6,990**	3,476,344
Receivable against Issuance of Units	-	3,374,384
Mark-up receivable on term finance and sukuk certificates	**10,965,470**	32,363,605
Other Receivables	**7,439,574**	26,351,164
	30,382,767	104,998,161

11. SECURITY DEPOSITS

Security deposits maintained with:		
- Central Depository Company of Pakistan Limited	**100,000**	100,899
- National Clearing Company of Pakistan Limited	**3,750,000**	3,750,000
	3,850,000	3,850,899

12. NON-CURRENT ASSETS CLASSIFIED AS 'HELD-FOR-SALE'

	30 June 2019	30 June 2018
	(Rupees)	
Commercial building	**39,030,000**	26,127,415

12.1 Last year, the Fund acquired a commercial property in settlement of a Term Finance Certificate issued by PACE Pakistan Limited as allowed by SECP vide its letter No.SCD/AMCW/AIML/149/2017 dated November 22, 2017, subject to certain conditions mentioned in the aforesaid letter. The title of the property was transferred in the name of Trustee of the Fund through a transfer deed dated March 01, 2018. The Fund is required to dispose off the property within 12 months and recognise the same as Non-Current Assets Held for Sale under the requirements of IFRS 5. The property was recorded as a non-current asset classified as 'held-for-sale', at its fair value determined as at the date of initial measurement. the Management company has applied to the SECP to allow extension in period initally allowed for the disposal of the property and has also sought the approval to carry the property at fair value.The Management Company is committed to sell the property at the earliest available suitable opportunity in the best interest of the unit holders. During the year, a revaluation gain of Rs.12.902 million was recorded on this property.

13. PAYABLE TO PAK OMAN ASSET MANAGEMENT COMPANY LIMITED-MANAGEMENT COMPANY

	Note	30 June 2019	30 June 2018
		--------------(Rupees)--------------	
Remuneration of the Management Company	13.1	**1,334,252**	4,006,487
Sindth Sales Tax on Management Coompany's remuneration	13.2	**5,094,302**	5,441,693
Federal Excise Duty on Management Company's remuneration	13.3	**33,368,337**	33,368,337
Sales load payable		**220,015**	170,015
Allocated Expenses related to Registrar Services, accounting operations and other related services	13.4	**10,202,907**	8,263,774
Advertisement expense payable	13.5	**12,208,771**	4,452,238
		62,428,584	55,702,544

13.1 As per the regulations 61 of amended NBFC Regulatuons dated 25 November 2015, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 1.5 percent of the average net assets of the Fund. The remuneration of the Management Company has been charged at the rate of 1.5 percent per annum for the year ended 30 June 2018 and 30 June 2017.

13.2 Sindh Sales Tax at the rate of 13% (30 June 2018: 13%) is payable on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

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

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

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

With effect from 1 July 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made prior to this period has been maintained by the Fund which at 30 June 2019 aggregates to Rs 33.37 million (2018: Rs 33.37 million). Had the provision for FED not been recorded in the financial statements of the Fund, the Net Asset Value of the Fund as at 30 June 2019 would have been higher by Re 2.76 per unit (2018: Re 1.09 per unit).

13.4 In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund in respect of the back office accounting function @ 0.1% of average annual assets of the scheme to an independent service provider.

13.5 In connection with Regulation 60(3)(v) of the NBFC Regulations, SECP has issued Circular No. 40 of 2016 dated December 30, 2016 (later amended vide Circular No. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from 1 January 2017 till 31 December 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. Accordingly the Management Company has charged such expenses at 0.4% of net assets of the Fund, being lower.

14. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN

	Note	30 June 2019	30 June 2018
		--------------(Rupees)--------------	
Trustee Fee	14.1	**164,382**	335,494

14.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein based on the average daily Net Assets Value (NAV) of the Fund.

The tariff structure applicable to the Fund as at 30 June 2019 is as follows:

Amounts of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1,000 million	0.17% per annum of the Net Asset Value
Exceeding Rs. 1,000 million upto Rs. 5,000 million	Rs. 1.7 million plus 0.085% per annum of the Net Asset Value exceeding Rs. 1,000 million
Over Rs. 5,000 million	Rs. 5.1 million plus 0.07% per annum of the Net Asset Value exceeding Rs. 5,000 million

14.2 During the year, sales tax at the rate of 13% (30 June 2018: 13%) was charged on the remuneration of trustee.

15. PAYABLE TO SECURITIES AND EXCHANGE COMMISION OF PAKISTAN

	Note	30 June 2019	30 June 2018
		(Rupees)	
Annual Fee	15.1	**1,458,381**	2,642,429

15.1 Under the provisions of the amended Non-Banking Finance Companies and Notified Entities Regulations 2008, on 25 November 2015 a collective investment scheme categorised as an aggressive fixed income scheme is required to pay an annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the Scheme. Provided that for Collective Investment Schemes which on quarterly average basis have at least 1,000 retail investors and more than 50% of Net Assets are held by individual investors, provided that the maximum investment by a single retail investor (considered eligible for calculating the threshold of 1,000) does not exceed 1% of the Net Asset shall pay the annual fee at the rate 0.076% for the next three years from the date of notification of these regulations.

During the year, fee was charged at the rate of 0.075%. The fee is payable to the SECP within three months of the close of the financial year.

16. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	30 June 2019	30 June 2018
		(Rupees)	
Withholding Tax and Capital Gain Tax		**301,799**	4,305,362
Auditors Remuneration Payable		**670,324**	811,431
Printing charges payable		**220,836**	253,392
Other Payables		**6,206,901**	1,632,574
Transaction and CDS Charges Payable		**41,654**	1,473,518
Provision for Sindh Workers' Welfare Fund	16.1	**15,010,591**	12,143,853
		22,452,105	20,620,130

16.1 SINDH WORKERS' WELFARE FUND (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers’ Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers’ Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. However, it may be stated that under companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/ mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from 21 May 2015).

Had the provision of Sindh Workers' Welfare Fund not been made, the net asset value per unit as at June 30, 2019 would have been higher by Rs. 1.2435 per unit (30 June 2018: Rs.0.3915). The status of Sindh Workers' Welfare Fund is the same as disclosed in the annual financial statements of the Fund for the year ended June 30, 2018.

17. CONTINGENCIES

There were no contingencies outstanding as at 30 June 2019.

18. COMMITMENTS

There were no commitments outstanding as at 30 June 2019.

19. AUDITORS' REMUNERATION

	2019	2018
	(Rupees)	
Annual audit fee	**605,000**	605,000
Half yearly review fee	**242,000**	242,000
Fee for review of compliance with the Code of Corporate Governance	**55,000**	55,000
Fee for income certification	**55,000**	55,000
Out of pocket expenses	**-**	76,560
	957,000	1,033,560

20. CASH AND CASH EQUIVALENTS

		30 June 2019	30 June 2018
		--------------(Rupees)--------------	
Balances with banks	7	**396,593,348**	481,766,940
Term Deposits		**-**	450,000,000
Market treasury bills having original maturity of three months or less	9.1.1.1	**-**	-
		396,593,348	931,766,940

21. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 2.10% which includes 0.44% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an aggressive fixed income scheme.

22. 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. Since the management company has distributed the income earned by the fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

23. EARNINGS PER UNIT (EPU)

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

24. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30 2019

	At Fair Value through profit or loss	Loans & Receivables	Total
	------------(Rupees)------------		
Financial Assets			
Balances with banks	**-**	**396,593,348**	**396,593,348**
Investments	**857,037,188**	**-**	**857,037,188**
Accrued profit and other receivables	**-**	**53,637,041**	**53,637,041**
Receivables against sale of investments	**-**	**-**	**-**
Security deposits	**-**	**3,850,000**	**3,850,000**
	857,037,188	**454,080,389**	**1,311,117,577**

As at June 30 2019

	At Fair Value through profit or loss	At amortized cost	Total
	------------(Rupees)------------		
Financial Liabilities			
Payable to Management Company	**-**	**62,428,584**	**62,428,584**
Payable to Trustee	**-**	**164,382**	**164,382**
Dividend payable	**-**	**9,562,507**	**9,562,507**
Accrued expenses and other liabilities	**-**	**22,452,105**	**22,452,105**
	-	**94,607,578**	**94,607,578**

As at June 30 2018

	Available for sale	At Fair Value through profit or loss	Loans & Receivables	Total
	------------(Rupees)------------			
Financial Assets				
Balances with banks	-	-	481,766,940	481,766,940
Receivable against Margin Trading System	-	-	-	-
Investments	-	2,463,116,749	-	2,463,116,749
Accrued profit and other receivables	-	-	121,907,639	121,907,639
Receivables against sale of investments			201,804,725	201,804,725
Security deposits	-	-	3,850,899	3,850,000
	-	2,463,116,749	809,329,304	3,272,446,053

As at June 30 2018

	At Fair Value through profit or loss	At amortized cost	Total
	------------(Rupees)------------		
Financial Liabilities			
Payable to Management Company	-	16,892,514	16,892,514
Payable to Trustee	-	335,494	335,494
Payable against conversion of units	-	-	-
Dividend payable	-	88,640,509	88,640,509
Accrued expenses and other liabilities	-	16,314,768	16,314,768
	-	122,183,285	122,183,285

25. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties among others include Pak Oman Asset Management Company Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Pak Oman Asset Management Company Limited (POAMCL) holds 100% ordinary shares of the company at the epriod end. Therefore, all subsidiaries and associated undertakings of POAMCl are related parties of the Company. Other related parties comprise Collective Investment Schemes (CISs) being managed by the Company, directors, key management personnel, entitites over which directors are able to exercise influence and employee benefit schemes, entities having 10% or more of the unit holding of the fund and the key management personnel of the Management Company.

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

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

Details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

25.1 Transactions during the year

	2019	2018
	-------------------(Rupees)-------------------	
Management Company		
Remuneraiton for the Period	**29,168,105**	52,848,648
Allocated Expenses related to Registrar services accounting, operations and other related services	**1,939,133**	3,523,243
Sindh Sales Tax on Management Company's remuneration	**3,791,854**	6,870,324

Transactions during the year	2019	2018
	-------------------(Rupees)-------------------	
Federal Excise Duty on Management Company's remuneration	-	351,567,634
Cash Distrbution	-	-
Issue of Nil Units (2018: 3,381,739) units	-	351,567,634
Redemption of Nil Units (2018: 3,381,739) units	-	354,100,121
Sales load payable	-	170,015
Askari Bank Limited**		
Redemption of Nil (2018: 7,446,304) units	-	766,278,814
Cash Distribution	-	20,739,823
Pak Oman Investment Company Limited (Parent of the Management Company)		
Purchase of investment - Market Treasury Bills	**1,949,000,000**	946,464,000
Fauji Fertilizer Bin Qasim Limited**		
Issue of Nil (2018: 1,965,084) units	-	200,000,000
Cash Distribution	-	24,461,970
ReInvestment of Nil (2018: 173,238) units	-	17,658,762
Barrett Hodgson Pakistan (Pvt) Ltd**		
Issue of Nil (2018: 3,906,545) units		
Cash Distribution	-	10,162,024
ReInvestment of 84,739 (2018: 84,739) units	**8,637,720**	8,637,720
Redemption of 3,991,284 (2018: Nil) units	**422,018,370**	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	**2,828,231**	4,344,575
CDS Charges	-	-
Pak Oman Micro Finance Bank		
Issue of Nil (2018: 3,643,727) units	-	373,702,618
Redemption of 1,149,601 (2018: 2,542,439) units	**118,559,537**	262,684,424
Cash Distribution	-	5,443,336
ReInvestment of 28,830 (2018: 28,830) units	**2,938,772**	2,938,772

25.2 Amounts outstanding as at year end

	30 June 2019	30 June 2018
	-------------------(Rupees)-------------------	
Management Company		
Remuneration payable to management company	**1,334,252**	4,006,487
Federal Excise Duty on Management Company's remuneration	**33,368,337**	33,368,337
Sindh Sales Tax payable on Management Company's remuneration	**5,094,302**	5,441,693
Allocated Expenses related to Registrar services, accounting, operations and other related services	**10,202,907**	8,263,774
Front end load payable	**220,015**	170,015
Outstanding Nil units (June 2018: Nil units)	-	-

Amounts outstanding as at year end	30 June 2019	30 June 2018
	---------------(Rupees)---------------	
Pak Oman MicroFinance Bank Limited**		
Outstanding Nil (June 2018: 1,120,770) units	-	114,261,029
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	**164,382**	335,494
Security deposit	**100,000**	100,899
Fauji Fertilizer Bin Qasim Limited**		
Outstanding Nil (June 2018: 4,985,281) units	-	508,242,419
Barrett Hodgson Pakistan (Pvt) Ltd**		
Outstanding Nil (June 2018: 3,906,545) units	-	398,266,767
Askari Bank Limited**		
Outstanding NIl (June 2018: 4,196,051) units	-	427,781,553

These represent transactions and balances pertaining to staff and directors who are considered key management personnel as at the close of the period.

These represent unit holders, holding 10% or more of the units in the fund at the close of the period.

26. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of the members of the investment committee of the Fund as on 30 June 2019 are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Adeel Ahmad Khan	Chief Executive Officer	M.A Economics	17 years
2	Syed Adeel Shahid	Chief Financial Officer	CA - Finalist	17 years
3	Sumaira Shaukat	Manager - Fixed Income	ACCA	4.5 years
4	Faisal Raza	VP - Fund Management	Matriculation	15 years

27. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION EXPENSED

2019

1	Next Capital Limited	**33.31%**
2	BMA Capital Management Ltd.	**26.30%**
3	Paramount Capital (Pvt.) Ltd.	**17.22%**
4	JS Global Capital Limited	**11.73%**
5	BIPL Securities Limited	**5.84%**
6	Pearl Securities Limited	**3.78%**
7	Vector Capital (Pvt.) Limited	**0.92%**
8	Bright Capital (Pvt.) Limited	**0.85%**
9	Invest One Markets Limited	**0.06%**

2018

1	Next Capital Limited	38.54%
2	Pearl Securities Limited	30.57%
3	BMA Capital Management Ltd.	14.53%
4	JS Global Capital Limited	7.01%
5	Paramount Capital (Pvt.) Ltd.	4.72%
6	Multiline Securities (Pvt) Limited	3.69%
7	Invest Capital Investment Bank Limited	0.35%
8	BIPL Securities Limited	0.23%
9	AlFalah Securities (Private) Limited	0.20%
10	Adam Securities (Pvt) Ltd	0.12%

28. PATTERN OF UNIT HOLDING

Category	As at 30 June 2019				As at 30 June 2018			
	Number of unit holders	Number of units held	Investment amount (Rupees)	Percentage	Number of unit holders	Number of units held	Investment amount (Rupees)	Percentage
Banks & DFIs	3	7,636,912	778,572,432	25.00%	1	11,642,356	1,183,716,754	40.87%
Individuals	432	7,370,769	751,439,656	24.13%	469	5,074,803	515,971,968	17.81%
Insurance Companies	3	1,762,465	179,680,863	5.77%	-	-	-	-
Associated Companies / Directors	-	-	-	-	2	1,066,326	108,416,883	3.74%
Others	31	6,498,169	662,479,203	21.28%	19	6,197,801	630,149,837	21.76%
Retirement funds	19	2,288,499	233,309,222	7.49%	22	4,505,205	458,059,060	15.82%
Public Lmited Comapanies	1	4,985,281	508,242,407	16.32%	-	-	-	-
	488	30,542,095	3,113,723,784	100.00%	513	28,486,491	2,896,314,502	100.00%

29. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 64th, 65th, 66th and 67th Board of Directors meetings were held on respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S.No.	Name	No. of meetings		
		Held	Attended	Meetings not attended
	Directors			
1	H.E. Yahya Bin Said	4	4	-
2	Mr. Bahauddin Khan	4	4	-
3	Mr. Sulaiman Hammad Al Harthy	4	3	65th
4	Mr. Humayun Murad	4	3	67th
5	Mr. Jehangir Shah	4	4	-
6	Mr. Habib Ur Rehman	4	3	64th
7	Mr. Saif Said Salim Al Yazidi.	4	1	64th , 66th and 67th
8	Mr. Adeel Ahmad Khan	4	4	-

30. FINANCIAL RISK MANAGEMENT

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

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 by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

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

30.1.1 Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

30.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Fund is mainly exposed to interest rate risk on its investments in government and debt securities, money market placements and balances maintained 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 acceptable limits.

a) Sensitivity analysis for variable rate instruments

As at 30 June 2019, the Fund holds KIBOR based interest bearing term finance and sukuk certificates classified as ' financial assets at fair value through profit or loss' which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date of these term finance and sukuk certificates, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 8.570 million (2018: Rs. 20.131 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2018, the Fund holds Market Treasury Bills exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Markets Association of Pakistan on 30 June 2018, with all other variables held constant, the net income for the year and net assets would be lower by Rs. nil (2017: Rs. 2.498 million) for market treasury bill. In case of 100 basis points decrease in rates announced by Financial Markets Association on 30 June 2018, with all other variables held constant, the net income for the year and net assets would be higher by Rs. nil (2017: Rs. 2.498 million).

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

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.

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.

	As at 30 June 2019					
		Exposed to yield / interest rate risk				
	Effective yield / interest rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to interest rate / yield risk	Total
On-balance sheet financial instruments	(Rupees)					
Financial assets						
Balances with banks	3.75 % to 11.5%	396,593,348	-	-		396,593,348
Term deposit and money market placements			-	-		-
Receivable against sale of investments	-	-	-	-	-	-
Investments	5.46 % to 8.75 %	-	-	-	857,037,188	857,037,188
Accrued profit and other receivables		-	-	-	18,412,034	18,412,034
Security deposits		-	-	-	3,850,000	3,850,000
Sub-total		396,593,348	-	-	879,299,222	1,275,892,570
Financial liabilities						
Payable to Management Company		-	-	-	23,965,945	23,965,945
Payable to Trustee		-	-	-	164,382	164,382
Payable against conversion of units		-	-	-	-	-
Dividend payable		-	-	-	9,562,507	9,562,507
Accrued expenses and other liabilities		-	-	-	22,150,306	22,150,306
Sub-total		-	-	-	55,843,139	55,843,139
On-balance sheet gap		396,593,348			823,456,084	1,220,049,432
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		396,593,348	-	-		
Cumulative interest rate sensitivity gap		396,593,348	396,593,348	931,766,940		

	As at 30 June 2018					
		Exposed to yield / interest rate risk				
On-balance sheet financial instruments	Effective yield / interest rate	Upto three months	More than three months and upto one year	More than one year	Not exposed to interest rate / yield risk	Total
	(Rupees)					
Financial assets						
Balances with banks	3.75 % to 7.50 %	481,766,940	-	-	-	481,766,940
Term deposit and money market placements		450,000,000	-	-	-	450,000,000
Investments	5.46 % to 8.75 %	-	-	-	2,013,116,749	2,013,116,749
Accrued profit and other receivables		-	-	-	95,780,223	95,780,223
Receivables against sale of investments		-	-	-	201,804,725	201,804,725
Security deposits		-	-	-	3,850,899	3,850,899
Sub-total		931,766,940	-	-	2,314,552,596	3,246,319,536
Financial liabilities						
Payable to Management Company		-	-	-	16,892,514	16,892,514
Payable to Trustee		-	-	-	335,494	335,494
Payable against conversion of units		-		-	-	-
Dividend payable		-	-	-	88,640,509	88,640,509
Accrued expenses and other liabilities		-	-	-	16,314,768	16,314,768
Sub-total		-	-	-	122,183,284	122,183,284
On-balance sheet gap		931,766,940	-	-	2,192,369,312	3,124,136,252
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		931,766,940		-		
Cumulative interest rate sensitivity gap		931,766,940	931,766,940	931,766,940		

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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.

30.2 Credit risk

Credit risk represents the risk of loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investments in money market placements, debt securities and balances maintained with banks in the form of savings and term deposits. Risk attributable to investment in government securities is limited as these are guaranteed by the Federal Government while bank balances are maintained with the banks having reasonably credit ratings.

For investments in debt securities (other than these which have already been classified as non-performing), the risk of default is considered minimal since the securities have considerably high instrument ratings as disclosed in note 9.1.2.8.

The Fund’s policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

The maximum exposure to credit risk as at 30 June 2019 and 30 June 2018 are tabulated below:

Financial assets exposed to credit risk	2019 (Rupees)	2018 (Rupees)
Balances with banks	**396,593,348**	589,042,674
Term deposit and money market placements	**-**	-
Receivable against Margin Trading System	**-**	899,974,384
Accrued profit and other receivables	**30,382,767**	99,222,459
Security deposits	**3,850,000**	3,850,000
Receivables against sale of investments	**-**	331,336,615
	3,281,664,889	1,923,426,132

Balances with banks by rating category

Short term to long term	Rating Agency	2019 Amount	Percentage
A-1 to A+	JCR-VIS	**395,860,939**	**82.17%**
A1 + to AA-	PACRA	**45,247,058**	**9.39%**
A1+ to AA+	PACRA	**23,384,019**	**4.85%**
A-1 to A-	JCR-VIS	**15,965,173**	**3.31%**
A-1+ to AA+	JCR-VIS	**906,741**	**0.19%**
A-2 to A-	JCR-VIS	**124,408**	**0.03%**
A-1+ to AAA	JCR-VIS	**97,232**	**0.02%**
A-1 to A+	JCR-VIS	**91,102**	**0.02%**
A-1 to A+	JCR-VIS	**73,352**	**0.02%**
A1+ to AA+	PACRA	**16,916**	**0.00%**
		481,766,940	**100%**

Short term to long term	Rating Agency	2018 Amount	Percentage
AA+	JCR-VIS	438,004,230	74.359%
A-1+	PACRA	150,881,108	25.615%
A	PACRA	71,601	0.012%
AAA	JCR-VIS	56,165	0.010%
A-	JCR-VIS	29,570	0.005%
		589,042,674	100%

30.2.1 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is diversified into investments made in money market placements, debt and government securities and deposits maintained with commercial banks having reasonable short-term credit ratings (as disclosed above) thereby minimising any chances of credit risk.

30.2.2 Collateral

The Fund does not hold any collateral against its financial assets.

30.3 Liquidity risk

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

The Fund is exposed to the daily cash redemptions, if any, at the option of the unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

The Fund has the ability to borrow in the short-term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets of the scheme at the time of borrowing payable with in a period of ninety days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

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

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

	As at 30 June 2019			
	Upto three months	More than three months and up to one year	More than one year	Total
	------------------------------------ (Rupees) ------------------------------------			
Liabilities				
Payable to Management Company	**23,965,945**	**-**	**-**	**23,965,945**
Payable to Trustee	**164,382**	**-**	**-**	**164,382**
Divedend Payable	**9,562,507**	**-**	**-**	**9,562,507**
Accrued expenses and other liabilities	**22,150,306**	**-**	**-**	**22,150,306**
	55,843,140	**-**	**-**	**55,843,140**

	As at 30 June 2018			
	Upto three months	More than three months and up to	More than one year	Total
	------------------------------------ (Rupees) ------------------------------------			
Liabilities				
Payable to Management Company	16,892,514	-	-	16,892,514
Payable to Trustee	335,494	-	-	335,494
Divedend Payable	88,640,509	-	-	88,640,509
Accrued expenses and other liabilities	16,314,768	-	-	16,314,768
	122,183,285	-	-	122,183,285

31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

Fair value hierarchy

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

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

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

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

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	30 June 2019							
	Carrying amount				Fair value			
	At fair value through profit or loss	Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---------------------------- (Rupees) ----------------------------							
Financial assets measured at fair value								
Debt Securities								
- Term finance certificates - listed	198,020,760	-	-	198,020,760	198,020,760	-	-	198,020,760
- Term finance certificates - unlisted	507,256,481	-	-	507,256,481	-	507,256,481	-	507,256,481
- Sukuk certificates Listed	114,687,037	-	-	114,687,037	114,687,037	-	-	114,687,037
- Sukuk certificates Unlisted	37,072,910	-	-	37,072,910		37,072,910	-	37,072,910
	857,037,188	-	-	857,037,188	312,707,797	544,329,391	-	857,037,188
Financial assets not measured at fair value								
Balances with banks	-	396,593,348	-	396,593,348				
Term deposit	-	-	-	-				
Receivable against Margin Trading System	-	-	-	-				
Accrued profit, prepayments, advances and other receivables	-	18,412,034	-	18,412,034				
Receivables against sale of investments	-	-	-	-				
Security deposits	-	3,850,000	-	3,850,000				
	1,714,074,376	418,855,382	-	2,132,929,758	625,415,594	1,088,658,782	-	1,714,074,376
Financial liabilities not measured at fair value								
Payable to Management Company	-	-	23,965,945	23,965,945	-	-	-	23,965,945
Payable to Trustee	-	-	164,382	164,382	-	-	-	164,382
Dividend payable	-	-	9,562,507	9,562,507	-	-	-	9,562,507
Accrued expenses and other liabilities	-	-	22,150,306	22,150,306	-	-	-	22,150,306
			55,843,140	55,843,140	-	-	-	55,843,140

	30 June 2018								
	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---------------------------- (Rupees) ----------------------------								
Financial assets measured at fair value									
Debt Securities									
- Term finance certificates - listed	472,883,189	-	-	-	472,883,189	472,883,189	-	-	472,883,189
- Term finance certificates - unlisted	631,527,480	-	-	-	631,527,480	-	631,527,480	-	631,527,480
- Sukuk certificates - listed	789,899,217	-	-	-	789,899,217	789,899,217	-	-	789,899,217
- Sukuk certificates - unlisted	118,806,863	-	-	-	118,806,863	-	118,806,863	-	118,806,863
Financial assets not measured at fair value									
Balances with banks	-	-	481,766,940	-	481,766,940	-	-	-	-
Term deposit	-	450,000,000	-	-	450,000,000				
Receivable against Margin Trading System	-	-	-	-	-	-	-	-	-
Receivable against sale of investments	-	201,804,725	-	-	201,804,725	-	-	-	-
Accrued profit, prepayments, advances and other receivables	-	95,780,223	-	-	95,780,223	-	-	-	-
Security deposits	-	3,850,899	-	-	3,850,899	-	-	-	-
	2,013,116,749	751,435,847	481,766,940	-	3,246,319,536	1,262,782,406	750,334,343	-	2,013,116,749
Financial liabilities not measured at fair value									
Payable to Management Company	-	-	-	16,892,514	16,892,514	-	-	-	-
Payable to Trustee	-	-	-	335,494	335,494	-	-	-	-
Dividend payable	-	-	-	88,640,509	88,640,509	-	-	-	-
Accrued expenses and other liabilities	-	-	-	16,314,768	16,314,768	-	-	-	-
				122,183,285	122,183,285	-	-	-	-

31.1 Financial instruments in level 2

The fair value of investments in TFCs and Sukuks are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009 previously used). In determining the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

31.2 Financial instruments in level 3

Currently, no financial instruments are classified through level 3.

32. 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; and

- 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.

33. GENERAL

33.1 Figures have been rounded off to the nearest rupee unless otherwise stated.

33.2 Units are rounded off to the nearest whole number.

33.3 Corresponding figures have been reclassified and rearranged in these financial statement, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statement.

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 31, 2019 by the Board of Directors of the Management Company.

For Pak Oman Asset Management Company Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director